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MANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER** Tuesday March 13 1984

No women, blacks or Jews: the makings of a President, Page 4

GENERAL

# Namibia plan gets cool reception ground

South Africa's proposal of a multi-party conference to resolve the con-ilicts in Namibia and Angela was-greeted yesterday with caution and ome scepticism by African and Vesiera diplomats.

The move is seen as an attempt by the South African Government to get away from the United Nations plan for a settlement and elec-tions in Namibia, leading to its in-

In Lusaka, Mr Sam Nujoma, president of the South West Africa People's Organisation (Swapo), the guerrilla movement fighting for Namibia's independence, empha-sised that he was willing to talk to South Africa, but only within the framework of the UN plan.

### **New London bomb**

London police dismantled a bomb found in a popular Arabic nightclub and restaurant last night, the latest incident in a bomb blitz which police say is aimed at opponents of Libyan leader Colonel Muammar Gaddafy.

### Heavy Gulf fighting

Heavy fighting was reported again in the Gulf war as evidence mounted that Iraq had used chemical war-fare. A third Franko soldier died of chemical induced wounds in Vienna. Page 3. Three Iranian soldiers have arrived in London for treatment, and three were being sent to

### 'Ceasefire agreed' Lebanon state radio reported last

night from its correspondent at the country's national reconcidation. conference in Leasanne that its leaders bad agreed on a total cease-fire. Earlier story, Page 3

# FitzGerald in talks

Irish Premier Dr Garret FitzGerald discussed efforts for peace in Northern Ireland in talks in New York with United Nations Secretary Gen-eral Javier Pérez de Cuéliar.

# Terrorist raid

Irish police believe that the country's most wanted terrorist, Domin- MALAYSIA has announced mea-ic McGlinchey, masterminded yes- sures to restore confidence in the terday's raid at the Dublin offices of American Express in which travellers' cheques worth £500,000. (\$700,000) and £18,000 cash were e, like w stolen. The office manager and his family were held in their home at

French bomber jailed Henri Eichholzer, 27, of France, was jailed for four years by a Tel.
Aviv court for belying a Palestinian
guerrilia organisation to plan a
bombing of a tower office block.

# Sadat film impounded

An Egyptian court impounded all available copies of U.S. made film on the life of the late President Anwar Sadat until it decides on a case against its American producers. A speciator in court was jalled for two years for an insulting outburst.

# Vietnam says no

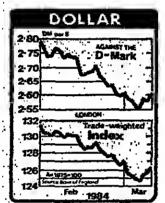
Vietnam rejected proposals made by the Association of South-East Asian Nations calling for a gradual withdrawal of Vietnamese troops to bring about a solution of the

Kampuchean problem.

'Save bears' cail and whatever the prob Bears are vanishing from the Pyrenees, and French conservationists called for urgent action to prevent If you'd like to blow ier information on on

# Dollar regains more lost

more recent lost ground, on specu-lation that the Federal Reserve would tighten its grip on inflation by putting upward pressure on in-terest rates. It advanced to DM 2.605 (DM 2.5785), FFr 8.02 (FFr 7.9525), SwFr 2.153 (SwFr 2.1335) and Y225.1 (Y224.05). Its Bank of England trade-weighted index rose from 125.5 to 126.4. In New York it closed at FFr 7.9925, DM 2.5957, SwFr 2.147 and Y224.5. Page 35



STEBLING fell 80 points to \$1.4525 and to Y327.25 (Y327.5), but improved to DM 3.785 (DM 3.77), FFr 11.645 (FFr 11.6125), and SwFr 3.13 (SwFr 3.12). Its trade weighting im-proved from 30.8 to 81. In New York it closed at \$1.457. Page 35

GOLD fell \$4 in London to \$397.75. In Frankfurt it fell \$5.5 to \$394.5 and in Zurich it closed \$3.5 down at \$397. In New York, the Comex March settlement was \$396.3 (\$400.7). Page 34

LONDON: FT Industrial Ordinary index rose 3.2 to \$44.1. Government securities showed gains averaging almost 0.35 per cent. Report, Page 28; FT Share Information Service, Pages 30, 31.

WALL STREET: Dow Jones industrial average closed 15.60 up at 1,155.36. Report, Page 25. Full share listings, Pages 26-28

TOKYO: Nikkei Dow index rose 89.32 to 10,086.54. Stock Exchange index increased by 11.25 to 796.46. Beport, Page 25; leading prices other exchanges, Page 28

sures to restore confidence in the Kuala Lumpur commodities exchange and to curb excessive specu-lation. Page 34. Multi-Purpose Holdings chairman Tan Koon Swan has resigned from the group he built up, and is expected to contest the lead-ership of the Malaysian Chinese Association, the Chinese partner in the Government. Page 18

PAKISTAN is to sign an exploration agreement with Kuwait Overseas Petroleum Exploration.

**DUTCH** Government has promise Fokker F1 800m (S280m) long-term loans to help to develop two new

aircraft. Page 16

PORTUGAL is to cut its import sur charge from 30 per cent to 10.

SIR JAMES GOLDSMITH, the British industrialist, and associates have made a profit of about \$50m by selling an 8.6 per cent stake in St Regis, the U.S. paper and forest products group. Page 16 ...

UNION EXPLOSIVOS Rio Timo's 126 bank creditors meet in Madrid today to approve a long-awaited rescue plan for Spain's leading private 'chemicals group, which has debts of about 51bn. Page 17 SALZGITTER-Peine and Hoesch of

West Germany have signed a DM 300m (S115m) five-year deal to process East German steel into warmed, rolled steel. Page 16 IG METALL, the West German steel union, held short warning

# BUSINESS

# EEC rifts remain as Brussels talks enter final phase

BY JOHN WYLES IN BRUSSELS

The European Community yesterday entered the last week before its vital summit with both farm and foreign ministers unable to generate convincing hopes of success.

The two groups of ministers met separately late into the evening in attempts to narrow their differences over key agricultural and budgetary Issues, but their exchanges bad increasingly taken on the character of a trial of nerves.

On agriculture, France, which presides over the Council of Minis-ters, appeared ready to weaken the summit's chances of success by leaving difficult form problems for it to settle. The only hope is that the farm ministers can respond to this challenge by achieving a breakthrough late today.

 On budgetary issues, Britain appeared to be prepared to face n summit breakdown unless its partners met its terms for closely controlling farm spending and permanently reducing its payments to the Whether the desire to avoid an-

other abortive summit after the de-

next Monday.

budget problem, for the first time curbing dairy output.

Meeting informally at a chateau its (56.48bn). in a Brussels suburb, which once housed the final negotiations on the night kept their talks a close secret. The emphasis was on "intensive and private diplomacy" which would probably be continued in exchanges between the capitals right sb official said.

beads of government come together card, the French Firm Minister, for cuts in farm prices of between 1 and Foreign ministers yesterday de- 1.5 per cent on several products, voted several hours to the British and n five-year quota system for

since Athens. President François The ministers threw up impor-Mitterrand of France, in talks over tant differences over how the milk the past few weeks with every other quota should be applied and did not head of government, has explored address the central problem of how possible solutions but has establish- far farm spending can be kept withed on clear consensus on a mechan- in the EEC's 1984 agriculture budism for cutting Britain's payments. get of 16.5bn European currency un-

in a Brussels suburb, which once housed the final negotiations on the Chance of bringing the Common Ag-Treaty of Rome, establishing the riculture Policy back within the EEC, the foreign ministers last budget. That is emerging as a crucial issue since the British, the Dutch and the Germans refuse to contemplate funding the deficit.

One potentially favourable development last night was that governup to the eve of the summit, a Brit- ment officials were moving towards an agreement that would meet the Agriculture ministers were more European Parliament's demands open about the lack of progress, for changes to regulations governbacle at Athens in December will be The ministers yesterday worked ing payment of the £457m rebate on powerful enough to generate combine by line through proposals Britain's 1984 contributions to the promise may not be clear until the tabled on Sunday by M Michel Ro- EEC budget.

# EMS wins plaudits but no promises for growth

BY OUR COMMON MARKET CORRESPONDENT IN BRUSSELS EUROPEAN COMMUNITY ecorency makes its immediate partici-

nomics and finance ministers yes-terday celebrated the European Monetary System's fifth birthday by declaring satisfaction with its achievements but giving only the vaguest of underlakings to develop

The discussion confirmed that the experience of the past five years was served only to strengthen, the hopes and fears that surrounded the EMS when it was aunched on March 13 1979.

Bonn's reservations about making the EMS anything more than a D-Mark-dominated currency sys-tem seem as strong as ever. Italian, Belgian and European Commission enthusiasm for crenting a genuine currency system based on the European Currency unit (Ecu) remains undiminished, and the UK still holds the unwavering conviction that sterling's status as a petrocur- in the spring of 1981 a genuine EEC

pation in the EMS "inappropriate." Nevertheless, the 10 rallied behind a statement affirming that the EMS had achieved the basic objective set for it by the FEC summit in Bremen in the summer of 1978. "A closer monetary co-operation" had been established and that had led to

Exchange-rate fluctuations had been considerably reduced, the coordination of monetary supplies strengthened and there has been considerable progress towards the convergence of economic situations," said the declaration delivered without comment to a new conference by M Jacques Delors, France's Finance Minister and cur-rent president of the Economics and Finance Council.

Europe, they said.

According to their original undertakings, the 10 should have created

central bank and a coherent policy towards the dollar. A political reversal in Paris and Bonn, coupled with increasing monetary turbulence, delayed that second stage.

The ministers yesterday limited themselves to a unanimous wish "to maintain and strengthen the sys- effect of the NUM's action. tem, while bearing in mind the "longer-term objectives" set by the the NUM, made no official comment yesterday, but the union's exa zone of monetary co-operation in

They said every opportunity would be taken to make further progress through "practical adjustments," while paying particular nt-tention "to the remarkable developments in the private use of the Ecu on the markets

That careful wording indicated that the West German Government is not yet ready to make any firm promises even to change its national legislation so as to give the Ecu

Continued on Page 16 Unsung success story, Page 15

# UK coal miners clash as strike widens

By John Lloyd and David Brindle in London

BRITISH mining union leaders suc reeded yesterday in bringing out on strike just over balf the country's 184,000 miners in protest at pit clo-

Other miners are waiting to vote on the issue. Mr Mick McGahey, vice-president of the National Union of Mineworkers (NUM), predicted "a intal stoppage" by the end of the week.

Henvy picket lines at South Wales and Scottish mines, where there has been opposition to a strike, deterred thousands of men from working. In South Wales, the majority of men voted last weekend to work, but the local NUM president, Mr Emlyn Williams, estimated that 85 per cent of the 20,000 workforce were on strike yesterday There were violent clashes between supporters and opponents of the strike at one Scottish pit.

Mr Peter Walker, the Energy Secretary, and Mr Ian MacGregor, the National Coal Board (NCB) chairman, both emphasised yesterday the splits in the miners' ranks.

Mr Walker, speaking in the House of Commons, said. I am not going to intervene in what is basically a clear-cut position of a man-agement that wishes to invest more in economic pits, cut out the burden of uneconomic pits and do it in a civilised, generous way."

Mr MacGregor, speaking in North-Est England, warned that 'prolonged strike action could probably accelerate the programme of pit closures." The NCB has not said which of the country's 172 pits it intends to close but if has announced. tends to close, but it has announced plans to cut production by 4m tonnes, to 97.4m tonnes, in 1984-85. It is estimated that 20,000 jobs will be lost.

Support for the miners' strike is being given by the Transport and General Workers Union. The union's executive has called on its 16m members not to handle coal in transit to power stations, or to other locations which might weaken the

ecutive was privately delighted with the reports coming back from the coalfields. Despite the predictions of deep divisions and rebellions, the only coalfield which voted on the issue and was working nor mally was Northumberland.

In Scotland, those miners set to rebel against the executive's strike call were repelled or worn down by heavy picketing.

# Senate may try to curb U.S. oil bids

BY WILLIAM HALL IN NEW YORK

m on mergers between the top 50 U.S. oil companies, which would include Socal's \$13.2bo bid for Gulf and Mobil's 55.7bn bid for Superior Oil, will be introduced in the U.S. Senate today.

A similar move earlier this month was defeated by 52 votes to 42, but following Sunday's announcement of Mobil Oil's \$45 per share agreed offer for Superior Oil there is growing evidence the U.S. Congress is poised to act to curb the series of mega-mergers in the U.S. oil indus-

Since the beginning of the year Texaco has agreed to take over Get-ty Oil for \$10.1bn and Royal Dutch Shell is offering to buy out the mi-nority in Shell Oil for \$5.2bn. Last week Socal bid for Gulf and Mobil oas now bid for Superior Oil, the biggest independent as opposed to

integrated oil company in the U.S. Superior has no marketing or refining operations, unlike most of the other takeover candidates in the U.S. oil industry. Consequently Mobil, the second biggest U.S. oil company, says "no anti-trust impediments are anticipated. Superior accounts for less than 1 per cent of U.S. production and Mobil accounts for less than 3 per cent.

There are signs that U.S. politicians are becoming increasingly

PLANS FOR a six-month moratori- concerned about what they see as unproductive mergers in the oil in-

> Senator J. Bennett Johnston, the senior Democrat on the Senate energy committee and the author of the six month ban, said yesterday nia in the U.S. oil industry will be fewer and bigger oil companies which are much more in debt and finding new oil and gas wells.

Senator Howard Metzenbaum, another trenchant critic of the current merger wave, has described the mergers as "almost obscene."

They have absolutely no redeeming social or economic value. They do not make sense as a matter of nutional energy or antitrust poli-Johnston, Senator Metzenbaum has been lobbying to get legislation passed to curb the current mergers.

Although industry analysts foresee few problems with the Federal Trade Commission which will bave to vet the latest mergers, they are conscious that Mobil's efforts in 1981 to acquire Marathon Oil result ed in the House of Representatives' passing legislation preventing it

Superior logic, Page 17

# Sharp to build £15m VCR plant in Wales

BY TERRY POVEY IN TOKYO

Wrexham, North Wales.

Construction of the plant is due to start in April and production is expected to start in February 1985, pan's leading consumer electronics Output is expected to reach 60,000 con a target for 1990.

achieve this by the end of 1985.

in Japan's VCR, personal computer,

SHARP, one of Japan's leading electronic calculator and office aumanufacturers of consumer elec- tomation markets in the last five tronics and business machines, yes-terday announced plans to spend March 31 1983 were Y898bn (\$4bn), £15m (\$22m) on building a video up 22.6 per cent on the previous cassette recorder (VCR) plant in year. Net profits were a record Wrexham, North Wales.

anies bave investments in th units a year initially with 240,000 as UK, Mr Norman Lamont, Britain's First production from Wrexham Sbarp is the tenth Japanese compa-will be for the UK market, but Sharp bopes to export to other EEC the fifth to make them in the UK.
Countries later. To meet the EECs The other companies in Britain are understanding on local content for JVC - in a joint venture with Thorn Community circulation, Sharp would need to build local content up subishi and Toshiba. Once these to about 45 per cent. It hopes to companies meet their full production targets they will be making Sharp bas become a major force more than 800,000 VCRs a year,

# Barclays plans powerful role in world securities trading

BY DAVID LASCELLES AND JOHN MOORE IN LONDON

est, yesterday disclosed plans for a powerful new international securities company" based on a partnership with two leading members of the London Stock Exchange.

The deal is by far the most ambitions of the many links that are being established by London institutions as deregulation breaks down the barriers in the financial mar-At the same time Samuel Monta-

gu, the merchant bank subsidiary of Midland Bank, confirmed that it has agreed to buy an interest in W. Greenwell & Co, the leading stock-Sir Timothy Bevan, the chairman of Barclays, said yesterday that the

new company would:

securities industry in the UK and abroad,

· Seek to become a force in the

age services to individuals. one of the largest jobbing firms on the Stock Exchange, and de Zoete & Bevan, a big UK stockbroker. Sir

Timothy said: "Each can bring different assets to the party."
As a first step in forging the partnership, Barclays will become a 29.9 per cent limited partner in Wedd, the maximum allowed by current market regulations, and raise this stake to 75 per cent when the rules permit. Barclays will then acquire n similar interest in de Zoete when it

gets approval from the Stock Ex-The cost to Barclays of the deals was not disclosed. The transactions are being structured so as to make it attractive for the partners to remain after Barclays has taken con-

BARCLAYS BANK, Britain's larg- Offer discount, "no frills" broker- of Wedds, and Mr James Titcomb, senior partner of de Zoete, said The partners in the venture are they were confident the combina-Wedd Durlacher Mordaunt & Co, tion "will form the core and basis international securities company, supported by Barclays extensive United Kingdom and worldwide re-

sources and network." Barclays, with £65bn (\$94.9bn) in assets, has more than 3,000 branches in the UK and 84 countries. It is already represented on the Paris, Geneva and Milan stock exchanges and plans to enter the U.S. market as a broker when the law barring banks from the securi-

The exact workings of the new venture have apparently not been determined. Sir Timothy said it would be "wrong" to have precon-

Continued on Page 16

Britain's financial revolution, Page 14; Lex, Page 16

In a joint statement, Sir Timothy, • Improve Barclays' services for strikes in support of a 35-hour Mr John Robertson, senior partner week. Page 2

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# **Banque Nationale** de Paris p.l.c.

8-13 King William Street, London EC4P 4HS, Telephone: 01-626 5678, Telex: 883412 BNP LNB

Knightsbridge: 01-581 0104 Manchester: 061-228 0611 Leeds: 0532-443633 Birmingham: 021-236 9735 Edinburgh: 031-226 6655

> **BNP Group Head Office:** 16 Boulevard des Italiens, 75009 Paris

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SR FELIPE CONZALEZ, the country to keep losing Pta 45bn SR FELIPE GONZALEZ, the Spanish Prime Minister, has come to the ald of his be-leaguered Industry Minister. Sr in its steel mills. He pointed out that the steelworks were mise to press ahead with tough policies towards overmanned sectors such as steel and ship building.

Country to keep losing Pta 450n (£25n) a year ln Its sbipyards and Pta 30bn (£1.35bn) a year in its steel mills. He pointed out that the steelworks were only producing 8m tonnes a year out of their capacity of sectors such as steel and ship building.

His televised message, promiaing "absolute firmness" over economic policy, came as 10 protesiers at the state-owned Sagunto steelworks near Val-encia, where the blasi furnaces are due for closure, approached the end of the first week of a hunger strike.

Trade union opposition to the Government's industrial "reconversion programme reckoned to affect 60,000 jobs —has coincided with reports of a split in the cabinet on the issue. But Sr Gonzalez dismissed these as "mere specu-

iHs declarations were made in a 15-minule "fireside-cbat" type of broadcast on Sunday night, the first of its kind since Sr Conzalez look office at the

The programme was devoted entirely to the industrial reconversion plan, in which the

Spain needed

ture was responsible for the loss of 900,000 jobs over tha past six or seven years.

The fundamental aim was to

modernise Spain, he added, "not to end up as an Industrial cemetery; not to end up once more trailing behind the ln-dustrialised countries." The Government was prepared to negotiale with all sides but nol if it meant shandoning this sim if it meant abandoning this aim Spain has ended credil restrictions for Spanish companies with more than 25 per cent foreign ownership, writes our Foreign Slaff. They will have access to internal credit on equal terms with other Spanish companies. The mea-£4bn over a three-year period.

Sr Gonzalez said that the liberalisation of the gradual liberalisation of the financial system in preparation for the ously to its economic line. country's expected entry to the it was not possible for the EEC.

# Spain pursues terrorism problem at UK talks

THE SPANISH Government is region and has a close knowpursuing its campaign for ledge of the Eta problem. greater European co-operation Sr Felipe Gonzalez,

The talks, which began yesterday, focus on the two governments' respective policies towards the IRA and the Basque extremisl group Eta, and an links between the two clandestine organisations.

who is a native of the Basque in London.

resources for new industries and could "not afford the luxury" of missing out on the technological revolution in the same way as it did on the industrial revolution, be said.

He believed that fallure lo convert Spain's industrial struc-

BY OUR MADRID CORRESPONDENT

in combating terrorism with a Spanish Prime Minister, two-day visit to London by Sr launched proposals for Europewide discussions on terrorism at the Council of Europe in he made a brief visit to Paris which appears to have been largely devoted to oblaining more forceful French measures to hinder Eta operations. Sr Barrionuevo said before

leaving that the talks would Contacts between the two also touch on the question of organisalions are believed by extradillon, for which no agree-spanish police to have been menl is currenlly in force between Spain and the UK. The to have included training of issue has become a live one in the wake of Spanish court The Spanish minister is accompanied by the newly-appointed Director of State of the expropriated Rumasa Security, Sr Julian Sancristobal, concern who was until recently in Lenders

President Mika Spiliak: over-

THE VISIT to Austria of President Mika Spillak, of Yugoslavia, which starts to-day, will strengthen ties between the two countries in face of what both see as increasing East-West polarisa-Relations between Vienna and Beigrade have improved

In recent years overcoming much of the historical hostility between the two countries. This improvement has been helped by common views oo detente and disarma-ment and in practical collaboration in the work of the Conference for Security and Co-operation in Europe

As two small countries surrounded by powerful neigh-hours they have sought to close ranks: a task made easier by Yogoslavia's non-alignment and Austria's

This bridge-building process has not been without problems. The sensitive issue of the right of the Slovene and Croale minorities living in Austria has at times soured relations. There are between 20,000 and 60,000 Slovenes according to official statistics or to surveys made by Slovene organisations — living in Corinthia province bordering Yugoslavia.
Tensions with Corinthian

nationalists have nn occasion eropted into violence. In the 1970s there were several incidents sparked off by incidents sparked on by anti-Stovene demonstrations organised by the Corinthis-Homeland Service, a small hnt militant German nationalist grouping.

Officials here say that much bas been done to protect and

meet the demands of the Slovene minority, but the issue could re-energe as politicians stir local feeling with an eye to the Coronthia state elections next Sep-

A petition effectively calling segregated schooling en German and

Windisch-speaking Slovenes has drawn support from Coronthia Liberal Party leader Jorg Hadder, a chief spokesman of the party's nationalist right wing.

Mr. Haider is strongly critical of Dr. Notbert Steger, the Federal Liberal Party chief who is also vice-chancellor in the Socialist Liberal coalition government.

Liberal coalition government. Liberal coalition government. Since joining the government the Liberals have done badly in the polis and local elections. By playing no nationalist feeling Mr Haider may hope to win back voters and show that his brand of "Hberalism" is the more Reflecting the desire of both Austrian and Yngolsav governments to play down the issue. President Spiljak has declined to meet a Slovene delegation during its three-day visit here. On the economic front Yugoslavia is likely in seek more Austrian credits—at the end of December Yugoslavia owed Austrian banks 5386m—and ways to develop Yugoslavia trade which is heavily in deficit with Austria. Austrian exports to Yugoslavia fell by 7.4 percent in Set 7.2bn (£262.55m) last year while imports rose Reflecting the desire of last year while imports rose 18.5 per cent to Sch 3.5hn leaving a deficit of Sch 3.7hn

# France seeks role in Norwegian gas field

ly development of Norway's giant Troll gas field, M Jean Auroux, the French Energy Minister, said in Os-lo during talks with Mr Kaare Kristiansen, Oil and Energy Minister. M Auroux hinted that close technological, industrial and economic

co-operation between the Community and Norway on the project could make it easier for Europe to accept a high price for the Troll gas. the development of Troll were to be ideally, the field should come on postponed, because the Norwegians stream early in the 1990s when production from major Dutch and French fields was expected to start falling steeply, M Auroux said. Troll is estimated to contain recoverable

reserves of 480bn cubic metres of

gas and 755m barrels of oil.

THE EUROPEAN Community, and in particular France, would like to see its industry involved in the earway's high petroleum taxes.

France would not put pressure on the British Government to approve the tentative, controversial deal becompany, and the British Gas Corporation for the sale of the Sleipner gas. M Auroux said. He conceded, however, that Europe's gas supplies might suffer if

the development of Troll were to be could not find a market for the Sleipner gas at a satisfactory price.
The EEC energy ministers were

working on a report covering Euro-pean gas supplies. If the BGC-Statoil agreement were not approved, the question of Sleipner's develop M Auroux, who is currently chairment would probably be dealt with man of the EEC Council of Energy in the report, M Auroux said.

# Swedes win Sun Oil deal

Balmoral oilfield floating production platform later today.

It will be the first time since 1978 that a UK sector North Sea plat-form will have been constructed outside the UK, However, between 35 and 40 per cent of the £115m (\$167m) value of the order is des-tined for the UK, in the form of subcontracted work.

The three UK-based companies expected to be heavily involved are Highland Fabricators (Hi-Fab), SLP

Group, and UIE. Hi-Fab is likely to fabricate the platform columns and assemble the platform at Nigg Bay, Grampian, Scotland. SLP is a Lowestoft-based

GOTAVERKEN ARENDAL, the wholly-owned subsidiary of Gota-Swedish shipbuilder, will be named verken, and would be capable of as-as prime contractor for Sun Oil's sisting with the contraction of the deck. UIE is a French-owned company, based by the Clyde, and is likely to be involved in the construction of the pontoons.

> Last Friday, Mr Alick Buchanan-Smith, Britain's Energy Minister, in a meeting with Sun Oil, criticised the U.S.-based oil company, America's 10th largest, for not giving full and fair opportunity to UK yards for the platform work.

However, the Sun consortium, including UK companies such as Brit-oll, Clyde Petroleum, Goal, and Car-less Capel, has agreed unanimously to place the order with Gotaverk-

# terrorists' bomb claim

Cologne - Terrorists have claimed responsibility for a bomb attack early yesterday on government owned foreign aid agency, police

doors broken and an outer wall damaged at the unocrupied Ger-man financing agency for develop-

The damage was estimated at DM 50,000 (\$19,200), police said.

There were no injuries.

Letters, claiming responsibility for the attack and signed by the revolutionary cells, were sent to a West German news agency, and the Tageszeitung newspaper in West Berlin. The federal criminal office is investigating their authenticity.

The letters claimed that the attack was designed to destroy the agency's "carefully preserved anon-ymity" and "trouble-free" operation. The agency provides funds to ompanies seeking investments in

Third World countries. The Interior Ministry has de scribed the revolutionary cells as the country's most dangerous leftwing terrorist group. Members are thought to have masked their underground activities by working at regular jobs and leading ostensibly normal lives.

The revolutionary cells are be-lieved responsible for a series of bombings at office buildings, institutions and U.S. military installations in recent years.

Last October, they claimed re-sponsibility for bombing the West Berlin home of an editor of the Axel Springer publishing company, West Germany's largest newspaper

# W. German EEC withdrawal puts Germans Greenland in turmoil flee to

tic island was in a political crisis won parliamentary backing for the terms making Greenland the first country to opt out of the European

The island Government found itself without a working majority in the Landsting, its legislature, for the first time since Greenland won home rule from Denmark in 1979. As part of the Danish kingdom, Greenland had to follow when Denmark entered the EEC in 1973.

The decision to remove the 50 000 Greenlanders from the Community from 1985 is now final, however. The Landsting sealed the result of a public referendum to break away in a quest for greater self-reliance, national identity and economic devel-

But as home rule Prime Minister Jonathan Motzfeld prepared to fly to Brussels today for a formal signing of the agreement on Greenland's departure, he was shaken by a vote of no-confidence

The two representatives of the radical Inuit Party, who have supthe Government, voted

# Party also voiced misgivings about the agreement under which Green-

Greenland waters annually until Inuits called it a sell-out of the independent control of Greenland's fish resources and "a gamble" with the future of the island's only viable

land allows Common Market fisher-

men to catch 107,000 tons of fish in

Atassuts said 107,000 tons was too much fish, although the Common Market will have to pay DKr 216 (\$23m) a year for it. It also grants Greenland oversees lands and territories status with customs free exports to European markets and other financial benefits.

trade - fishing.

But in Saturday's vote, the Atassuts declined to throw out the agreement with no hope of negotiating a better one, and it was adopted by 24 votes against Inuit's two. The subsequent no-confidence vote reflected the Inuits' sense of betrayal by the ruling Simust Party which they declared they could no

Glemp faces 'double rebellion'

WARSAW. Cardinal Jozef Glemp, Poland's Boman Catholic primate, yesterday returned from a 27-day tour of Rome, Argentina and Brazil to face a double rebellion within the

church. Parishioners who oppose his transfer of a militant pro-solidarity. priest, mounted a hunger strike in his absence. Teenagers have pro-tested against the authorities' rem-licly before todays talks.

oval of crucifixes from state high

The secretary of the Polish Episcopate, Archbishop Bronislaw Da-browski, said Cardinal Glemp

# the West

HANNOVER. An East German border guard scaled a fence and two bricklayers fled across a heavily mined section of the Commun frontier yesterday in two escapes to the West, authorities said. All three made it to West German territory uninjured, West German border po-lice in Bad Branstedt said.

A 20-year-old lance corporal fled while on natrol in an area of the frontier free of mines and automat ic firing devices: Futher details of his escape were not immediately

vailable. The two bricklayers, aged 29 and 34, said they fied to the West be-cause they faced political and eco-nomic difficulties at home, according to police.

The bricklayers crossed the bor-der east of Osterode in the Harz Mountain region of Lower Saxony, police said. West German authori ties say the area is heavily mined on the East German side. Police refused to identify the men

or give details of the escape in or-der to protect family members who may still be in East Germany. The 875-mile border separating the two Germanys remains among the most heavily fortified frontiers in the world, with armed guards, attack dogs, concerting wire fences and automatic shooting devices to

prevent escapes.

Last year, 216 East Germans fled across the frontier, according to the West German Interior Ministry.

would meet with senior Bishops to day to discuss the issues.

He declined to answer reporter's dismariling some of the automatic questions at Warsaw's airport and was not expected to comment pubsically and directions when trig-

# W. German hours battle hots up I£1bn lost

BATTLE LINES in the struggle over a shorier working week in West Germany hardened yesterday when 6,000 workers in the metal industry staged short the metal industry staged short the metal industry staged short "warning strikes" in support

largest union which is spear-heading the campaign, said yesterday that 4,000 metal-workers in the south-west staged half-hour strikes in pro-test at the failure by local employers and workers' representatives to reach an agree-

BY ANTHONY ROBINSON

missiles from Western Europe.

Herr Vogel, who is leading the first western delegation to hold talks with the new leader

since his appointment last month, described his 35-minute

session with Mr Chernenko as "open, useful and constructive." He described Mr Chernenko as

'a self-assured man of strong

The purpose of the visit was

The purpose of the visit was to stress the importance of maintaining the East-West dialogue in the present tenso international climate. "This is no time for speechlessness," Herr Vogel added.

tion in support of their union's demands.

of the introduction of a 35-bour week without loss of pay.

IG Melall, the country's largest union which is spearGerman pay round, is seeking wage increases more or less in line with inflationary expecta-tions and is throwing most of its weight behind a reduction of the working week.

Metal industry employers yesterday again rejected the IG adjourned to the end of the Metall demand, insisting that month.

Germany. The SPD has also proposed that money saved by reductions in arms budgets should be spent on aid to the

Third World.
Both these positions were

"positively assessed" by Mr Chernenko in his meeting yesterday. Mr Chernenko added that there were still opportuni-

ties for increased German Soviet co-operation in both the political

and economic spheres, but be warned: "We cannot fail to

warned: "We cannot fall to take into consideration West Germany's transformation into a forward-based nuclear bridgehead of the U.S. and its allies

Bonn Government attempted to defuse the confrontation by improving its offer to embrace. workers retiring at age 58 instead of 59.

Union officials in the south-west complained yesterday that the discussion of the working week had occupied only 15 minutes of the thre-hour negotialions which have been

# Turkey proposes non-aggression pact for Cyprus

By David Barchard in Ankara THE TURKISH Cypriot leader, Rauf Denktash, has ehallenged the Greek Cypriot administra-tion to accept a non-aggression

pact. Mr Denktash's remarks, made amid Turkish apprebension that Greece might be planning to alter the military balance in the island by sending in a divi-sion of troops, were made in Istanbul while be was travelling to New York. Mr Denktaah said that such a move by Greece would be "playing with

Last week the Turkish parliament warned Greece not to upset the military balance in Mr Denktash said he had no plans to bring up the future of the Varosha new town

district of Famagusta, regarded as a possible Turkish conces-sion if talks are resumed hetween Turkish and Greek Cypriots, In his discussions with the United Nations Secre-tary-General, Perez de Cuellar, in New York on Friday.

He repeated that the Turkish Cypriot goal remains the bizonal, bl-communal status for

zonal bl-communal status for Cyprus which was in principal with the late president. Makarios. Recent attempts by the Greek Cypriots to arm themselves were hampering efforts for peace be said.

Turkey maintains about 20,000 mainland troops in the North of the Island Creeking. North of the Island together with the Turkish Cvoriot malitia of 4.500 men. The Greek Cypriots bave a national guard of 10.000 men and several hundred troops from the main-

down Irish green holes

AS MUCH as Libn (£819.6m has disappeared from the Irish national accounts for the year just ended, according to Dr Antoin Murphy, a senior lecturer in the Department of Economics at Trinity College, Dublin. He says that this unexplained and unrecorded out-flow may be "the biggest statistical miscalculation in the

Identifying four possible green holes" into which tho money may have vanished. Dr Murphy says the shortfall results from smuggling, repatriation of profits by foreign companies, undetected use of legal loopboles, and an overestimation due to inadequate foreign exchange monitoring of the amounts coming into the rish economy.

The first indication of the missing money came in the last quarterly bulletin from the Irish Central Bank. The bank's figure setting the current deficit of 13360m against the major inflows from foreign borrowing and banking opera-tions should have shown the growth in Ireland's external reserves. But when this estimate was set against the actual growth in the reserves a major discrepancy emerged.

The central bank explained this away with a balancing figure of I£837m described as "other private capital flows (residual)" for the first 10 months of 1983.

Dr Murphy argues that the acknowledged leakage across the Irish border in smuggling and the outflows on well organ ised housewives shopping excursions makes up 15200m of the missing funds.

Comparison of U.S. Department of Commerce figures for profits made by U.S. companies in Ireland with the official statistics available in Duhlin, be claimed, shows that the propor-tion of funds repatriated to the U.S., is significantly under-estimated and he argues that this situation is repeated across the Irish economy. the Irish economy.

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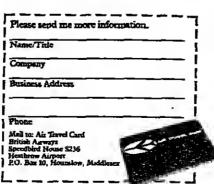
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The Air Travel Card

# The Kremlin's support for sions from that." **BDI** chief appointed

Chernenko presses line on

THE NEW Soviet leader, Mr Herr Vogel's candidature in the Konstantin Chernenko, yesler-day told a delegation of West did not have the desired effect German Social Democrats led by Herr Hans-Jochen Vogel, the Democrat Party was elected

Herr Hans-Jochen Vogel, the SPD opposition leader that the SPD opposition on resuming arms control talks with the West was unchanged. Talks with the U.S. he said "can he resumed at any momen!" providing the U.S. first removes its cruise and Pershing 2 Pershing 2 missiles in Western Structure of the stationing of the

cruise in talks with SPD

BY JONATHAN CARR IN FRANKURT

THE LONG search for a successor (BDI) since 1978, has ended. The new man will be Dr Hans Joachim Langmann bead of Merck, the Darmstadt-based pharmaceuticals and chemical concern. He is a former president of the chemical industry association

His election at the BDI assembl to Dr Roll Rodenstock, president of in May is now considered certain the Federation of German Industry and he will take up his new job next January. It is also expected that the BDf assembly will approve the selection of Herr Tyll Necker, former president of the mechanical engineering association, to take over the BDI post two years after Dr

darts

tension.

 $T_{uesday} M_{arch}_{ij_{rac{1}{4}}}$ 

Reflecting the both Austrian and the governments and the governments and the governments and the issue, President and the issue, President and the government and the

# German flee to

his escape were not me available. The two bricklayers and 34, said they fled to the

police said West General lies say the area is book on the East German and or give decaus of the medor to protect lendy mode The off-mile scales the two Germanys read the man heavy forthist in the Acris, with a main Lie City . Concertment and suitment shows in prevent estapes.

constructing same of the shruphol in all directions

# I£1bn 'w down In green hold By Cur Dublin Compai

# the Weg

HANNOVER An Eastler der guard scaled a time bricklayers fled across to mixed section of the fefrontier yesterday in the wasternament with the West, authorities said made it to West Comme uningured, West Generale uningured, West Generale lace in Ead Bransfell and A 20-year-old lane up.
A 20-year-old lane up.
while on patrol in ma.
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Comic Cifficulties at long ing to police. The brick avers cossis, ther east of Osterode as: Mountain region of laset Price rejused to member

Last year, 218 Exe 622 across the fronzer, and West German Intend Re After securing a logic the Boan Government des, escapati admire structure devices, when

that disappeared from the resident leaded, according to American Marphs, A

# Evidence mounts of chemical weapons use by Iraqis BY OUR MIDDLE EAST STAFF HEAVY FIGHTING was recarrived in Algeria for talks

ported again yesterday in the yesterday, said earlier that the Gulf war as evidence mounted. Gulf war had gone beyond the that Iraq has used chemical point of mediation. He said the weapons to push back Iranian conflict would have to be settled

Dr Herbert Mandel, the kead of the Austrian team treating Iranian victims in Vienna, said yesterday that the three sol-diers who had so far died had been subjected to mustard gas poisoning.
"The cause of death was de

finitely the effects of mustard gas and yellow rain; we have established that now without doubt," he said. Three other Iranian troops in Vienna were in a critical condition and Dr Mandel said they were not expected to live.

Iraq claimed yesterday to have driven back another Iranian offensive to the north-east of Basra where the The scene of the fighting is believed to have been the area around the Majmon oilfields, just inside the international border, which the Iraulans are still Bolding. Ali Akbar Velayati, the

on the battlefront
U.S. Defence Department

officials have said that up to 500,000 Iranian troops ar massed for possibly a "decisive"

Iraq meanwhile hopes that most Arab states will send their Foreign Ministers to Baghdad today for a special meeting on the Gulf war. The aim of the meeting would be to provide a show of Arab support for Iriq and also to explore any opportunities for mediation.
The six members of the Gulf

Co-operation Council, headed hy Saudi Arabia, met in Riyadh on Sunday to prepare for the Baghdad talks. They privately east of Basra where the expressed hopes that Algeria heaviest fighting has been concentrated for the past fortinght. An Iraqi military communique said that a "very large number" of Iranian tries have only provided to the past tries have tries have the past trie troops had been killed or support for Iraq in the war wounded end the attacking while Saudt Arabia and other force "completely wiped out." countries have contributed at countries have contributed at least \$3000. Syria and Libya have both backed Iran.

·However Mr Abdullah Bishara, the secretary general of the Gulf Cooperation Coun-cil denied yesterday that its members were planning a firsh Iranian Foreign Minister, who initiative to end the war.

# Murdered Malaysian banker trial starts in Hong Kong

BY ROBERT COTTRELL IN HONG KONG

MR. MAK FOON-THAN, the Malaysia Finance (BMF), the 32-year-old Malaysian charged bank's wholly owned Hong with the murder in Hong Kong Kong subsidiary. His posting last July of Mr. Jalil Ibrahim, coincided with investigations an executive of Bank Bumipuinto large loans made by BMF

year from Bank Bumiputra in into court yesterday with the Ruala Liftuper to Bumiputra aid of a crutch.

an executive of Haik Bumputra Malaysia, pleaded not in certain Hong Kong properly
guilty when his trial opened developers, including the now
here yesterday.

The trial was then adjourned
for a week at the request of (2397m at current exchange for a week at the request of (£397m at current exchange Mr Colini Museroft, defence rates). Mr Jalil was found counsel, who told the court that strangled in a hanana planta-he had only just met his client and required more time to Mak was arrested in Angust. Prior to the arrest, Mr Mak was a fall. He walked Mr Jalif was seconded last injured in a fall. He walked

# Gemayel gets cool reception at talks

By Anthony McDermott

THE LEADING representatives of the Lebanese Left gave a de-fiberately cool reception to the speech by President Amin Gemayel in Lausanne yesterday to open the second round of the Lebanese reconciliation confer-

However, the conference com pleted a first two-hour session in which they agreed to establish a multi-party committee to set up a ceasefire in Lebanon.

Mr Gemayel delivered his conciliatory but somewhat bland speech from a table on his own, flanked by two large Lebanese national flags, in a small, elegant conference chamber in the Beau Rivace Hotel.

Mr Walld Jumblatt, the Druze chief and leader of the Progressive Socialist Party, at a sepa table, had decorated his place with a small red-and-white party

He and Mr Nabih Berri, head of the Shia Amal Party pointedly looked ahead as the President read his speech in uncharacteristically subdued tones, while the other six representatives of the main Lebanese political and religlous factions followed the text. They also applauded at the end while Mr Jumblatt and Mr Berri

Trivial as these gestures might seem, they underline the very considerable differences between the two main sides.

The opening of the second conference - the first was held in Geneva last November - was delayed until the afternoon be-cause Mr Abdel-Halim Khaddam, Syria's newly-appointed Vice President for Political and Foreign Affairs, who has the status of observer, was conferring with Mr Jumblatt in Geneva. In the event, the opening session was held without him but in the presence of Mr Raliq Hariri, a andi official and also the only other one with observer status Both countries had done much work behind the scenes to bring

# Assad's brother gains succession foothold

Lebaoese reconciliation talks in Soviet equipment, the Defence unit which distinguished itself

THE APPOINTMENT of three Mr Khaddam's presence at the latest and most sophisticated the Special Brigades, the elite relinquish some of his worknee-presidents in Syria provides confirmation of the Lausanne emphasises the probsiruggle for the succession ability that Lebanon will conwhich was provoked by President Hafez Assad's serious illness last autumn.

Soviet equipment, the Defence that which distinguished itself
Brigades are primarily deployed last year by its stubborn dearound Damascus and would fence of the Damascus to
Bettut road during the Israeli
any future power struggle.

The third vice-president in ness last autumn.

mat as the "Gromyko" of the Syrian regime, Mr Khaddam is Although the appointments in no way prejudge the issue, they do provide a major constian immensely experienced politician who has won considerable tutional foothold for Mr Rifaat respect in Damascus without Assad, the President's controverachieving the military power base which would make him a stronger contender for the sial younger brother who has been maneouvring for a more public assertion of his right to highest office. claim the presidency should tt fall vacant

Rifaat Assad has been appoinned second vice-president after Mr Abdul-Halim Khaddam who is described as first vice-president for political and foreign

ZIMBABWE'S real Gross Dome put also fell in manufacturing sile Product fell at least 4 per and distribution.

The Bank attributes the lt is optimistic about export decline le output last year primarily to a 15 per cent fall appointing two years in which in agricultural production. Out-

The Central Bank says that likely to be matched by a major

with the ultimate defence of the regime. Equipped with the

cent in the last 18 months, must be slowed and a weak balance rorrected before there can be a a 2 per cent rise in real GDP in 1982. More recently compiled official estimates, however, tered Bank, which last week timed policy of export promovaried against premature resmall decline of about one per flationary policies, in stressing the need for rontinued restraint,

1983 is likely to have been interest significantly higher than the abroad.

The third vice-president in grip. Rifaat Assad has not, however, succeeded in widening his the new constitutional arrange-military command. Reports meni is Mr Mohammed Zuhair from Damascus suggested that he was seeking to add the Ministry of Defence to his port-Party. His primary task is folio, but this remains in the likely to be the maintenance of hands of the long-serving Genclose links between the party eral Mustapha Tias. President Assad has always and the Government and to represent special interests at Rifaat Assad, on the other been careful to spread military the highest levels of the

hand, does have that power base power over a number of com-through his command of the Defence Brigades, the 25,000 too aware of the clash of per-strong that which is charged somalities between his brother, pend in How closely the three men need to work together will de-pend in large part on the exthe bead of military intelli-gence and the commander of tent to which President Assad's

load The President has declared that be wishes to share his burdens, but in terms of overall policy it is likely that he will retain a firm personal

Mr Abdel Raour Kasm has been kept on as Prime Minister President Assad. One Cabinet post filled is that of Foreign Minister, in succession ol Mr Khaddam. Mr Farouk Shara moves up from Minister of State for Foreign Affairs, although it appears unlikely that he will exert quite the same authority as his predecessor. But he is one of the most articulate spokesmen for the regime and bas already made a favourable diplomats visiting Damascus.

Vietnam turns

troop proposal

VIETNAM HAS rejected the

latest proposal by countries in the Association of Southeast

After more than six hours of

talks between Prof Mochtar Kusumaatmadja, the Indonesian

Foreign Minister, and Nguyen

Co Thach, his Vietnamese counterpart, Prof Mochtar said that an Asean appeal made to

Vietnam late last year calling

for a withdrawal on a zone-by-zone hasis of an estimated

t70,000 Vietnamese troops from

down Asean

# Zimbabwe output declines by 4% in 1983

cent in 1983 according to the Reserve Bank of Zimbabwe. The Central Bank, in a rather sombre review of the Zimbab-wean economy published yesterday in the quarterly economic of payments situation must be review, says that this followed a 2 per cent rise in real GDP

The expected improvement Z\$185m (ff16m) experienced in the balance of trade is un- in 1982. inflation, which has been run-ning at between 15 and 20 per payments position, says the payments position, says the Bank. This is because invisible payments will continue to rise, capital inflows will be small and some major capital repayments

> ments abroad and intensified efforts to attract capital inflows. It says that Zimbahwe's overall balance of payments deficit in

The report shows a 41 per cent jump in the central Government's foreign debt between September 1982 and

he same month last year. Asian Nations (Asean) for a Publication of the Bank's settlement of the Kampuchea the same month last year. views on invisible payments comes at a time of mounting speculation that the Govern-ment will soon announce farreaching measures to reduce the outflow of invisible payments.

The tighter restrictions are likely to reduce dividend. interest, and profit remittances

Kampuchea had been turned down by Co Thach.

question.

Co Thach told Dr Mochtar that the appeal amounted to a unitateral withdrawal of Vietnamese troops which was totally unacceptable.

### Charges dropped Financial Times Reporter

against two correspondents in South Africa for foreign news-papers, Mr Allister Sparks of cepts to gear up the Congress the Washington Post, and Mr organisation. Times, Mr Sparks had been charged with quoting a banned other senior party leaders where they were questioned on the steps taken by them to nurture their constituencies.

The conclave also indicated that the recent speculation that nurture their constituencies.

The questioning was resented by many delegates, notably by rarry, but there is little they not conclave also indicated that the recent speculation that the recent speculation that the sepolation parties has made any preparation for the elections, mainly because they have failed to anticipate is that such techniques do not necessarily work as political tools. There has been considerable grumbling among senior Congress leaders at the way Rajiv and his aides the ends of justice." No case will be multi-cornered contests there in titatives succeed, there party, but there is little they

# Rajiv Gandhi tightens grip on Congress

THE Indian Prime Minister's can do as Mrs Indira Gandhi followed by similar regional constituencies. son, Mr Rajiv Gandhi, at the has given her support to Rajiv's conferences next autumn. This weekend started the process of efforts. Nominally, Rajiv is one suggests that the elections will Previous elections have shown preparing the Ruling Congress (1) for parliamentary elections and, in effect, demonstrated that he is now in virtual control of the party.

He did this by organising a conclave of more than 2,500 Congress members of parlia-ment and state legislatures and

of the five general secretaries of Congress. The conclave can be con-

sidered a landmark because of the tightening of the reins by Rajiv on the Congress organisation and also because it signalled the slart of preparations for the coming elections,

December or January.

The Intervening period is to be used by Rajiv to force Congress members of parliamen-larians and other local party leaders to prepare all constiluencies for the elections.

None of the major national

that Mrs Gandhi's party profils by the divisions among the opposition parties and wins opposition partles and wins without gaining a 50 per cent vote,
They are using modern

management practices and con-What they have failed to

CHARGES HAVE been dropped

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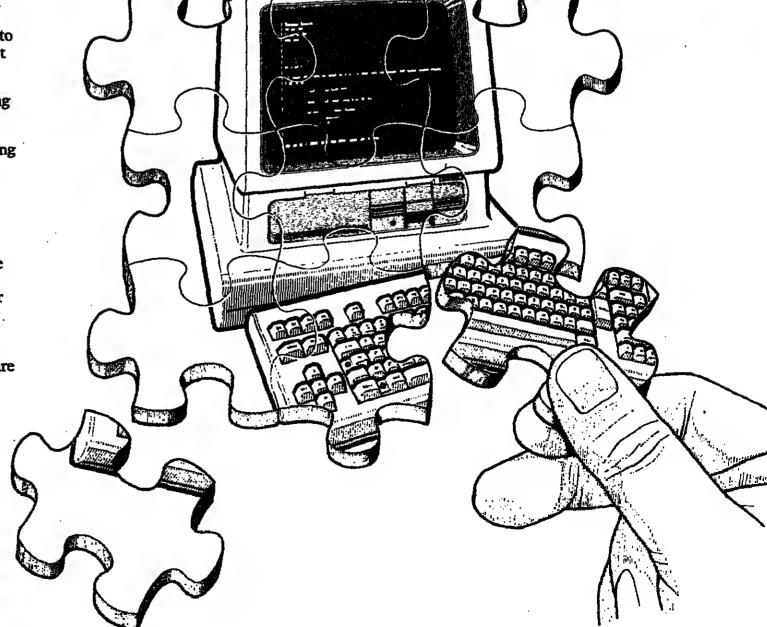
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# U.S. capital spending plans revised upwards

By Stewart Fleming in Washington

THE U.S. corporate sector has revised its capital spending plans for 1984 sharply upwards as e result of the unexpectedly strong performance of the economy in the past few months, the Commerce Department reported yesterday.

The Department said yesterday thet corporate spending on plant and equipment is planned to increase by 13.6 per cent to \$343.6m (£235hn) according to the results of its latest aurvey in lete January and February.
In its previous survey, in
November and December of last
year, the Department forecast a
10 per cent rise in capital spending in current dollar terms for 1984.

The results of the capital

Hampshire, Maine and Vermont took the unprecedented step of announcing thet he confidently expected to confirm that the economy has been growing strongly in the first quarter.

Although overall capital spending on plant and equipment declined by 4.4 per cent from its 1982 level last year, expenditure hit e rising trend in the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the second half of the year and has been seen as a factor which will help to keep the first under the first time and verming in Friday evening. Mr Mondale the tered Boeing 727 in Mohile on Friday evening. Mr Mondale the took the unprecedented step of announcing thet he confidently expected to win Alabama. It was the first time he had predicted of the country is at stake in a primary result, end a confidently expected to win Alabama. It was the first time he had predicted of the country is at stake in a primary result, end a confidently expected to win Alabama. It was the first time he had predicted to the first time, a wide cross-section of the the confidently expected to win Alabama. It was took the unprecedented step of announcing thet he confidently expected to win Alabama. It was took the unprecedented st

Although spending is rising, there are fears that a aubstantial there are fears that a substantial part of the outlay is going on labour seving and computer equipment end on motor vehicles, which ere not primerily designed to increese productive capecity. Mr Peul Volcker, the Federal Reserve chairman, has warned, for example, that in some industries, capacity utilisation is already reaching levels which could soon threaten to produce could soon threaten to produce upward pressure on prices.

upward presure on prices.
Commenting on the outlook
for individual sectors of the
economy, the Commerce Department says that manufacturing industries ere planning a 16.3 per cent rise in plent and equipment spending. Within this group, durable goods manufecturers are expected to increese capital spending by 212 per cent, with particularly strong gains anticipated in the motor vehicle industry (34 per cent), electrical machinery (23.7 per industries (19 per cent).

# Super Tuesday test for Mondale's battered credibility Us Presidential



president his long list of party and senate credentials and his "guts and compassion." Mr. Hart, be makes out is no more than a trendy filiberty gibbet whose latest vague has no more substance than that of the Cabbage Patch foll.

Mr Mondale's problems however, are many. He is not yet used to his new underdog role, John F. Kennedy knage and he is not really sure what done him nothing but good.

John F. Kennedy image has

# Wanted, for the world's top job: A white Protestant man and has heen seen as a factor which will help to keep the economy moving forward in 1984. The Commerce Department survey suggests that in reat terms, spending in 1984 born in the U.S. can grow up to will be up 12 per cent. Capital born in the U.S. can grow up to be President. But history tells e break maily leap years. The election traditionally boils down in a contest between the official candidates of the two usually been known in advance. The election traditionally breaking of the two the official candidates of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance. The election traditionally breaking of the two usually been known in advance.

ment to take a swipe at a fellow Democrat.
His target was 47-year-old Senator Gary Hart of Colorado, whose aurging "new ideas" campaign has upset all the pundits' calculations in this year's race for the Democratic presidential nomination.

Mr. Mondele his beckers in

Mr Mondale, his heckers in

the Democratic Party and trade union establishment, and the three other trailing candidates (Mr John Glenn, Mr Jesse Jack-

without a greet deal of their own or their supporters' money behind them.

candidate needs time. The last three elected Presidents (Nixon, Carter and Reagan) were ell dent Ronald Reagan, who faces previously temporarily "unnone of them held public office in the year nr two preceding their successful election hids.

Republicans this year plan to nominate the incumbent President Ronald Reagan, who faces no serious challenge for his party's candidacy, for a second and final four-year term.

When the candidacy is contested, as it is among the Demonone of them held purion they gear are two preceding their successful election hids.

There are also legal restrictions. To become President the candidate must be at least 35 years old, have lived in the U.S. for 14 years and be a "natural born" American. Under a 1951 amassed a winning majority of the convention during the delegate votes at the convention during the delegate selection process, and the first Tuesday in the first Tuesday in the convention until a winner emonths of the party's primary, although the convertion until a winner emonths of the party's primary, although

"It's e nice-looking hun," 3,933-member netional conven-said Mr Lane Kirkland at the tion in San Francisco.

weekend, "hut where's the beef?" Mr Kirkland, leader of the country's largest trade union federation, the AFL-CIO, was horrowing a current American bamburger advertise-ment to take 2 swipe at a Hart, Mr Mondale must show he can will be a winner.

(Mr John Glenn, Mr Jesse Jackson end Mr George McGovern) lecking in his campaign so far.
are now ell desperately trying But in local appearances in
to stop Mr Hart). And today,
Super Tuesday, is one of their
last chances to make a stand.
So far, Mr Hert's victories
have come in the small states
of northern New England—New
Hermsching Michael and Verment
Hermsching Michael and Michael
Hermsching Michael and Michael
Hermsching Michael and Aggressiveness that has been
lecking in his campaign so far.
Georgia and Alabama over the
past few deys, he has more often
under the best of the state of the

tion in San Francisco.
Primaries are being held in

can still be a winner.

Mr Mondale has drawn the lines of battle in the aonth,

where Mr Hart is relatively un-known and has little organisa-

During his southern swing.
Mr Mondale's mood has varied
from resentful and disorientated

relaxed and cheerful. A debate in Atlanta on Sunday evening reveeled a confidence and aggressiveness that has been

With one exception (President John F. Kennedy, who was and the Republicans, each with Roman Catholic) all U.S. Prezident evice-Presidential running dents have been white, Promate. While third party canditestant males. There has never dates have occasionally joined been e woman, e Jew or a hlack. the fray there is as yet no sign Nor, in recent bistory, has any-one reached the White House dacy this year.

The parties officially nominete their candidates at their national conventions in the As well as money, today's summer of election year. The candidate needs time. The last Republicans this year plan to

cent), aircraft (20 per cent) after the first Monday in convention until a winner emand non-electrical machinery November, which this year is erges—and a compromise can of one party may not vote in the industries (19 per cent).

November 6. Presidential electrical didate can be nominated in the other party's primary, although

Nn convention, whether Demo-crat or Republican bas gone to a second ballot since 1952. The candidetes compete for delegates in the months before the convention as each of the 50 states selects its alloted number of representatives, allocated broadly in proportion to population. On the Democratic side, for example, a state may have as few as 14 delegates. (Alaska) nr as many as 345 California).
The states choose their dele-

gates either in primary elec-tions or through the party ap-paratus—caucuses, conventions and committees at local, dis-trict and state levels.

a primary voter must show a voting booth. But the main proof of registration as a political impact in caucus states Democrat, a Republican or an independent. In the case of a registered Republican, the polling officer blocks off the list of Democratic choices on the vot-ing machine, and vice versa Registered independents will find that the voting levers for both Republican and Democratic lists are inoperable—the only vote an independent can make is on the various local issues up

on the various local issues up for referendum.

Florida Democrats, for example, will be asked to pull levers representing both their choice for president and separately, their choice of delegates to the convention, whose names are listed along with the presidential candidate meets.

House following about a month later. This year accordingly, the Democrats hold their convention in San Francisco from July 16 to 19, the Republicans meet in Dallas from August 20 to 23.

There will be 3,933 delegates at the Democratic convention, making that a candidate needs with the presidential candidate to whom they are committed.

But the complex rules for primaries vary widely from state to state and party to party. In general, voters either eiect.
delegates directly, or show a
preference for a presidential
candidate which is then trans-

Delegates are sometimes selected by proportional representation, subject to a variety of qualifications — such as in Florida, by the lists or "slates" of delegates that are put directly in the voter. Only California Republicans still have a binding winner-take-stil primary on a state-wide basis.

In caucus or convention states, such as lowa; the selection process starts at the grass roots; voting is at precinct level. The locally-elected delegates are finally narrowed down to a single statewide convention which makes the final choice of national convention delegates.

caucus states the process is public and can take several hoose. months, whereas a primary In Florida, which polls today, voter pays one single visit in comes with the results of the first expression of grass roots presidential preference, rather than when delegates are finally

appointed. The party that does not hold the White House traditionally goes first, giving It a little more time to organise its challenge, with the party in the White House following about a month

meaning that a candidate needs 1.967 votes to win the nomina-tion. Mr Reagan technically needs 1.118 of the 2.235 Republi-can, delegates in Dallas to qualify, if the winner is known

traditional disadvantages of less weil-heeled contenders. Spendwest decided confidence. Spending limits apply at both state and national level and a candidate qualifies for more federal "matching funds," complement-

imatching funds," complementing privately-raised funds, if he or abe receives a number of small private contributions as opposed to large lump sums.

But the limits are astronomical by European standards, Before the convention, each candidate can spend over \$20m, including "matching funds," which can run to as much as half the total. The convention itself and the subsequent presidential campaign is theoretic. dential campaign is, theoretic-ally et least, entirely financed by public funds, with a limit of \$6m for the convention and

Primaries and Caucuses Hawaii

Super Tuesday's

about \$40m for the campaign, plus additional personal allow-

But the law is unclear about how far private groups of sup-porters can raise money and campaign for the candidate of

their choice independently.

Technically, the November 6 vote is for an electoral college dent Richard Nixon won 43.4 that subsequently elects the vote, against 42.7 per cent for Mr Hubert Humphrey and 13.5 per cent for Mr George Wallace, Congress—the total of its Hoisse of Representatives members plus its two Senators California the most populous state, has 47 electoral votes. Six states, each the electoral college, together have only three electors. In with the Christman holidage and state to state and party to party. In general, yoters either elect. In advance, the chief business of election general yoters either elect. In advance, the chief business of election and at the convention. But delegates to convention. But delegates are generally expected to steep their commitments until they are "released" by their candidate, by e simple sense of fafer play and the desire not to be seen as double-crossing the their candidate, and the desire not to be seen as double-crossing the their candidate, and the desire not to be seen as double-crossing the their candidate, and the desire not the entry in the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the party platform, by which president in December. Each to the total of its House vote, against 42.7 per cent for the Tuber wote, against 42.7 per cent for the total of its House of the November of the Nove

Genscher visit

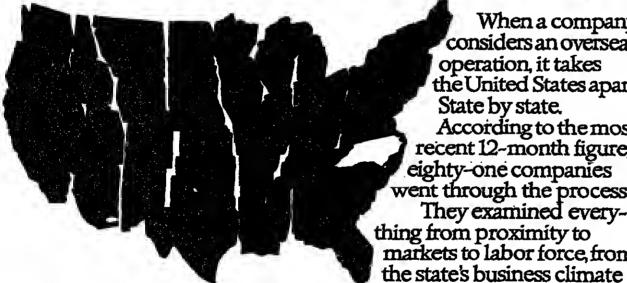
HERR Hans Dietrich Genscher, West German Foreign Minister, is cent of the popular vote, and narrow popular wins can be magnified into sweeping electoral college victories,

A number of recent presidents, however, have been elected with less than 50 per

that state.

It is theoretically possible for outback, in the early 1800s) a candidate to win a majority of means that the outgoing preside the popular vote but not a dent holds office until January majority in the electoral college, 20, when his successor is and thus lose the White House. officially inaugurated. By that But this has not happened since time, next year, a number of ambitious contenders will happen again there, would already have tracted pleaning. happen again, there would already have started planning doubtless be pressure for the their campaigns for the 1988 rules to be changed.

# ALMOST 25% OF ALL THE FOREIGN COMPANIES WHO CAME TO THE U.S. LAST YEAR CAME TO THE SAME CONCLUSION.



When a company considers an overseas operation, it takes the United States apart. State by state. According to the most recent 12-month figures,

eighty-one companies went through the process. They examined everything from proximity to markets to labor force, from

to its bond rating, from educational systems to livability.

And when they were through, with 50 states to choose from, 18 of the companies chose North Carolina. That's 22% of the U.S. total. What's more, of those who chose from the nine South Atlantic states, almost 50% came here.

And these figures are no recent development. Over the past five years, we've been far and away the most popular choice for foreign

companies-almost doubling our closest competitor.
But you don't have to take our word for all this. We've put together an Official Directory of 320 overseas-based companies who operate in North Carolina. They're in all kinds of businesses, come from all over the world. So, you may find some friends already here.

So call or write us for your free copy. Then contact some of the companies. And draw your own conclusions.

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# **UK** embassies for Salvador and Nicaragua

By Robert Graham

BRITAIN is to establish

BRITAIN is to establish permanent diplomatic representation in El Salvador and Nicaragus, the British Foreign Office announced yesterday. The move was recommended by Foreign Office inspectors last year but budgetary considerations delayed the decision until now.

The Foreign Office has been eware for some time that the growing conflict in Central America required greater representation. With increasing ettention on war-torn El Salvador and the Sandinista Government in Nicaragua, the lack of direct representation had become a serious lacuna.

British interests in El Salvador have been looked after by the embassy in the Honduran capital, Tegucigalpa, while those in Nicaragua have been handled from Costa Rica.

Initially, the Foreign Office wanted to set up an embassy in the Nicaraguan capital, Manegua. This move was apparently ruled out by Mrs negua. This move was apparently ruled out by Mrs Margaret Theicher, the Prime Minister, who felt such action could be exploited by the left-wiog Sandinista regime as e sign of Britisb endorsement. It was then decided to halance the opening of an embassy in Managua with a simultaneous move in the Salvedorean capital, San Salvedorean capital, San Salvedorean

Britain's small diplomatic presence in Central America reflects the country's traditional low profile in the region and dependence on American infor-

# set to meet in April Argentina's President Raul Alfonsin, Sig Danie Caputo, Foreign Minister, and Sig Bernardo Grinspun, Economics Minister, writes our Foreign Staff. Dominican Republic's IMF battle intensifies

BY CANUTE JAMES.

THE DOMINICAN Republic's pro-longed battle with the International Monetary Fund (IMF) has intensi-fied, leaving the Administration of President Salvador Jorge Blanco with more than a few uncomfor-

The Government's hopes of per-suading the IMF to grant credits of \$466m have evaporated with the collapse of negotiations in Santo Domingo.
The Blanco Administration is re-

luctant to accept conditions for the credits, which include the transfer of just under \$1bn of imports from the official exchange rate to the parallel market rate.

Jockeying for the presidential election of 1986 is already under-way and the President is apparent-ly concerned at the effect the IMF

conditions could have on the popu-larity of his Partido Revolucionario which costs about \$480m per year. Domicano (PRD), and its likely The inflationary effects of such a candidate, Sr Hatney Decamps, move would reach all sectors of the oow a minister in the presidency.

The collapse of the talks with the IMF, after e year of continuous disagreements on the conditions which will come with the credits, bave left President Blanco with few

economy.

President Blanco is bound by a public commitment not to devalue the peso but a major shift of imports could bave the same effect. This explains the reluctance also to oow a minister in the presidency.

crisis in the economy.

One immediate problem is an agreement by several international banks to an outstanding request for

Faced with servicing a foreign debt of \$2.6bn, the Dominican Re-

The bankers, however, are unlikely to give the green light until the impasse with the IMP is settled. This threatens to undo the benefits which the economy is receiving from last September's agreement by creditor banks to reschedule \$568m of the country's short term

The Government last year shifted \$85m worth of imports from the official to the parallel market, but there appears to be good reason for President Blanco's reluctance to make another change on the scale

the fund is suggesting.
While the official rate for the peso is one to the dollar, the current parallel market rate is 2.95 peacs to

Among the imports which would be shifted to the higher rate under

options in dealing with a mounting crisis in the economy.

One immediate problem is an was done in Jamaica last November

agreement by several international to clear the way for IMF credits.

Besides the arguments ebout the change to the parallel rate, this month's talks with the IMF in Santo Domingo foundered on the extent to which the Government was public is carrying arrears of over willing to reduce public sector ex-



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We provide 20% of all the petroleum products Britain uses to keep the economy moving.

And what may have started in the age of the slow lumbering dinosaur all those millions of years ago has been turned into a mammoth

boost for Britain by a lively, dynamic, forward-looking tiger.



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nd Caucuse

Elegance is never at

SOLVING ENVIRONMENTAL PROBLEMS BIOLOGICALLY

# Microbes pressed into service

BY CARLA RAPOPORT

GROWTH stimulants, cold and treatments, human — these have been the areas of excitement prompted by the biotechnology business. Now, however, a young British company is aiming to spread that excitement into a new arena: environmental micro-

The new company, Biotechnica Limited, will be raising about £1.8m from City institutions this week through the private placement of 48 per cent of its shares. The new funds, it hopes, will allow the grount to hopes. will allow the group to boost sales of both its ideas and its microbes to companies and local governments both in the UK and abroad.

Significantly the new group will not be basing its pitch to the City on the current blotecnology buzzword, genetic engineering. "Our skills are in microbiological sciences, in dealing with groups of microbes We're interested in the use of these skills to resolve environ-mental problems," says Dr Stiri-ing Hogarth-Scott, managing

The group's activities fall into three areas. The first is into three areas. The first is aimed at providing safe, cost-effective methods of treating ful energy source. Hazardous waste through the use of microrganisms. It is studying ways of degrading waste from chemical companies, hrewers, and pulp and paper mills, as well as investigating organisms which it bopes will degrade pesticide residues.

Microbae are as hielected by Industry as a use-industry as a use-

Microbes act as biological catalysts when applied to garbage and will operate happily at normal temperatures, breaking down the waste. Tradi-tional methods of waste dispo-

deal more.

The second division is involved in landfill treatment, essentially the management of putting waste products into holes left by mineral excavation. BioTechnica's work in this area is aimed at both filling these sites with the minimum of environmental effect on environmental effect e



Speeding-up the generation of methane from laudfill sites will be one of BioTechnica's main businesses.

transplantation of young seed-

Scott. The activities of this division are being directed by Dr John Rees, a former senior still from U.S. investors since officer with the environmental and medical sciences group of Harwell Atomic Energy Research. He is an expert in both gas recovery and the mechanics of microbial activity in landfill sites.

energy-intensive pressures to do their work. Applying a package of bugs to a pile of waste costs between £7 and £14 per toonne, while traditional measures generally cost a great deal more.

The second division is involved in landfill treatment, essentially the management of putting waste products into holes left by minaral activity in landfill pany's chairman.

The idea for setting np a British sister company grew out of a meeting between Mr. Hunt and two UK scientists, Prof. Howard Slater of the University of Wales Institute posal market ln 1982 was estimated at \$10n, and projected or grow rapidly thanks to the minared activity in landfill pany's chairman.

The idea for setting np a British sister company grew out of a meeting between Mr. Hunt and two UK scientists, Prof. Howard Slater of the University of Wales Institute posal market ln 1982 was estimated at \$10n, and projected or grow rapidly thanks to the inmicrobiology at Cambridge University. Hunt was looking for a company which would pro-

Canadian Hunter Exploration to carry out a feasibility study for cleaning oily waste from a leavy off extraction project. If uccessful, the study could lead to a much larger contract to

Also its landfill/methane gas division has landed a £7,000 contract with Brooklyn Union Gas of New York. This company operates the world's largest landfill gas recovery project, located on Staten Island.

"We've got \$15,000 in tha bank already," said Dr Hogarth Scott with a touch of pride. Tha bank alre company's headquarters are in Cardiff, enabling it to take ad-vantage of generous Welsh Development Office grants.

The group's prospectus, issued by the English Association Trust, projects that it will move into the hlack with pretax profits of nearly £400,000 on sales of £1.5m in its third year of operation.

But the company admits that these figures are only estimates and that their ideas could well be exploited by competitors who also have expertise in the micro-biology field.

The group has not attempted to file for any patents on either its processes or microbes. "In the chemical industry, yes, patent protection is a good idea. But in the biological sciences, filing for a patent can give away
the cooking process to competitors. I think we are better off
keeping our ideas to ourselves
for the time being," says Dr
Hogarth-Scott.

The managing director is Australian and holds degrees in veterinary science, immunology, and advanced management from Queensland and Melbourne Universities and Cambridge.

Before he joined BioTechnica, he was working as a marketing manager in the Biologicals Division of ICI Australia. Aged 44, Dr Hogarth-Scott admits that his new job is a gamble. "I reckon I've got about 20 working years left. I could have gone on doing the same thing for those 20 years, or I could take out a few years to do this." he can't

# Why Psion has hopes for QL

Computing

already impressive growth rate. Founded just over three years ago, it made a profit of £1.94m last year on a turnover of £1.0m and its expansion has been self-financed. By comparison, Logica, one of Britain's most successful software and com-puter services companies, founded in 1969, which went public last October made a pre-tax profit of £3.35m on sales of £42.1m last year.

Psion's interest in the sucreson's interest in the success of the QL is that it developed the four business oriented programs which are included in the computer's £399 price tag. The programs—word processing, a spread-sheet for financial planning, detailed the spread-state and the spread-spread the spread-spread the spread-spread the spread-spread the spread-spread the spread-spread the spread the database management for filing and business graphics—took 18 months to develop. Psion will get a royalty for them on every QL sold.

Mr Nigel Searle, managing director of Sinclair Research said: "We've built up an excellent relationship with Psion over three years. We have a great deal of confidence in their ability and as great we have ability and as proof we have sold over 1m of their programs

at deal of confidence in their lity and as proof we have leave I over Im of their programs the Spectrum computer."

To achieve this, Psion claims it has reached—or soon will—agreements with several computer suppliers who will launch low-cost 16-bit micros this year. The manufacturers will offer software market for the Psion programs "bundled" for the Spectrum computer."
For Psion, the crucial question is whether its programs will become a major force in

FEW PEOPLE can be waiting for Sinclair Research to start fessional micros using 16-bit same way as Sinclair is doing processors. It hopes that processors that processors in the bundled approach gives interest as the folk at Psion, a three-year-old, high flying soft-ware company.

If the delayed QL turns out to be anything like as successful as Sinclair hopes, then Psion will be set to sustain its already impressive growth rate. Founded just over three years ago, it made a profit of £1.94m

If the delayed QL turns out to be anything like as successful as Sinclair hopes, then Psion will be set to sustain its already impressive growth rate. Founded just over three years ago, it made a profit of £1.94m

in its first year of operation. The U.S. will be exceptionally difficult ground for a company like. Psion but crucial if it is to achieve its objectives. No decision has been taken on whether to raise money in the City to finance the U.S. expansion.

The good news is FERRANTI Selling technology

# Data storage Magnetic cartridges

THERE ARE several cheap tape alternatives to disc for small sion,
But a world presence is a budget such as Sinclair's Micro prerequisite for survival, in this uncertain new industry, Dr. To achieve this Psion is now Phy Mag systems, based in Fal. To achieve this Psion is now concentrating on marketing and reaching supply agreements with the hardware manufacturers. Up to now the emphasis has been on technical development of products. The company claims to have some of the most advanced development tools of any macro software company in the world.

This could find a home in a variety of personal computers in small businesses, which use machines designed primarily for home education, such as the company are the U.S. could "Ear rings! I thought it was the latest ministropy disc"

The company produces its this is the first machine to programs on two powerful which this philosopy can be miniscomputers from DEC which statched for a cost of about fine micros for which the interface which they are being written. Psion they are being written. Psion is a loop of standard professional the micro and easy to transfer inch audio tape which can store 100,000 bits of information and is able to transfer data miniscomputer to handle tech at 10 kilobytes a second which minicomputer to handle technical queries for the software is about 200 times faster than on the QL.

# IBM upsets the European apple cart

IBM's decision to cut the price which is hard to undo." of its range of personal computers in Europe at the beginning of this month caught a number of people by surprise. ket to market and ranged from 20 per cent to just 7 per cent on the top-priced model the PC/XT.

IBM's range of PCs have be

For the first time the price of IBM PCs in the UK -- on several configurations — are actually below those in the U.S. The move mora or less coincided with the launch of ACT's new version of the Apricot, its transportable 16-bit micro.

The new Apricot m has a Winchester disc drive — made by Rodime in Scotland — and

computer market.

The European market is being fiercely fought out between IBM, Apple and Commodore from the U.S. with Olivetti from Italy, Triumph Adler from West Germany and now ACT from Britsin. That battle is likely to get much botter as DEC steps up its efforts with the Rainbow, as Apple introduces the Macintosh, and ACT begins to sell significant numbers of the Apricot.

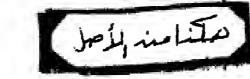
The European market still because they need authorisation."

The second point is that the home market is more conditioned to buying computers costing below \$400. In the U.S. bowever, professionals and managers spend more on a computer for the home.

A further reason that the European market is more evenly fought is, that the PC computers were launched much

of money in Europe. It just does not happen in Europe because they need authorisa-





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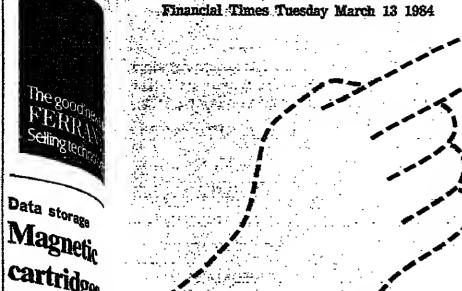
Magnetic cartridge THERE ARE sevenie

computers owners

own budgets to speak of money in Europe; does not happen he becouse they need to tion."

The second point it home market is me dinoned to busing the cosung below \$100. ht puter for the home.

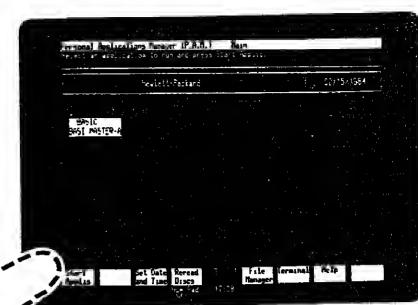
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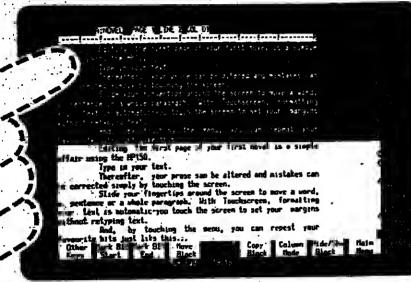
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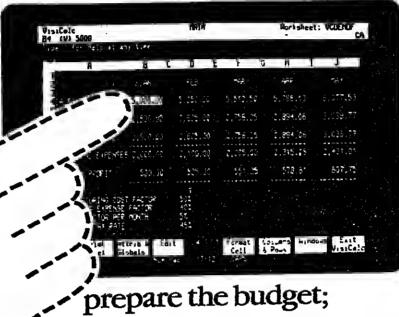
the screen of the HP 150

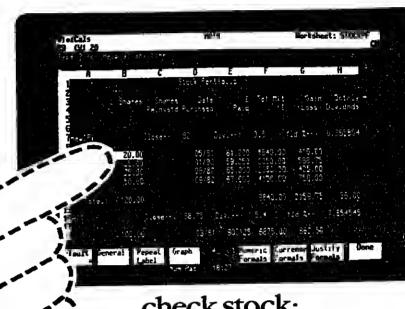


Touchscreen personal computer

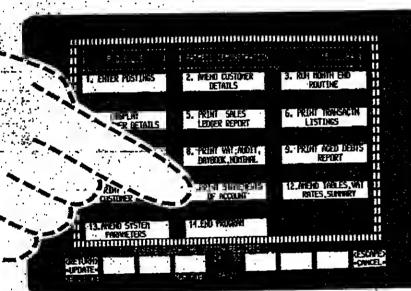


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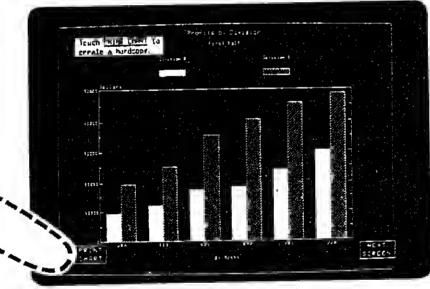




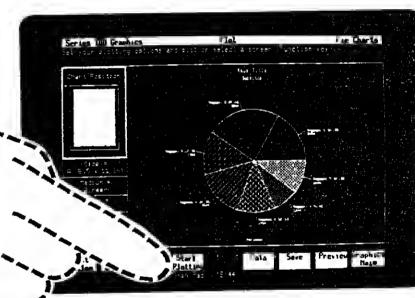
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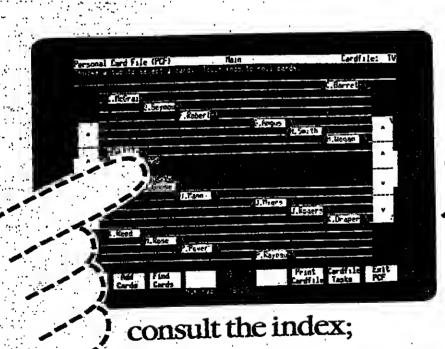
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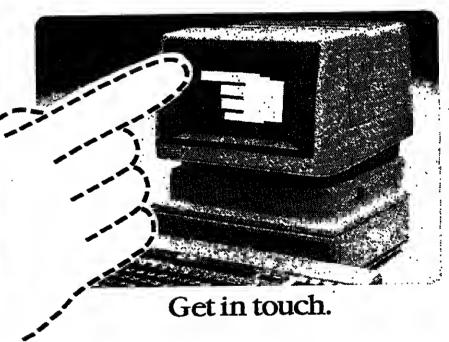
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HP 150 at a Glance. User Memory: 256K: 640K bytes. Operating System: MS-DOS\* 211. Microprocessor: 16-bit, Intel 8088. 8Mhz. Permanent Memory: (ROM) 160K bytes. Diagnostics: Power-on self-testing. Display Screen: Touch-activated, green phosphor, 80 characters x 27 lines, 9 x 14 dot character matrix. Upper and lower case. Simultaneous text and graphics capability. 390v x 512 hgraphics resolution. testing. Display Screen: Touch-activated, green phosphor, 80 characters x 27 lines, 9 x 14 dot character matrix. Upper and lower case. Simultaneous text and graphics capability. 390v x 512 hgraphics resolution. testing. Display Screen: Touch-activated, green phosphor, 80 characters x 27 lines, 9 x 14 dot character matrix. Upper and lower case. Simultaneous text and graphics capability. 390v x 512 hgraphics resolution. Touch-activated, line in the self-activated properties and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. 1024 charac



# WORLD TRADE NEWS

# **Credit for** Turkish dam contract secured

By David Barchard In Ankara TURKEY has secured export redits worth a total of Swfr 963m (£310m) to finance the electro-mechanical contract for the Ataturk High Dam on th Euphrates River, the Swiss Embassy in Ankara said yester-

A \$480m (£328m) civil works contract was awarded last October to a consortium of three small Turkish compenies. Escher Wyss of Switzerland, which built the turbines for the earlier Keban end Karakaye dams on the Euphrates, are to build eight turbioes and generators for Atuturk. The consortium is lead by the Union of Swiss Banks with

a government guarantee. The Swiss Government was originally unwilling to supply this guarantee but gave it after it became clear that other countries involved in the project

a The European Commission has dropped an investigation into imports from Turkey of synthetic knitting yarn following an undertaking by the exporter to raise prices of the product, AP-DJ reports from Brussels.

would also be contributing to the credit scheme.

The equivalent of SwFr 291.2m is to come from West German sources and SwFr 57.8m from Austria, with Italy supplying

# U.S. attacks Japan's software plan Tokyo 'interested' in

THE U.S. has warned the last we want."

Japanesa Government it can large and data transmission expect political backlash and a legal morass if it goes ahead with proposels, strongly opposed to the 1950s and 1960s. When large and data transmission by the Government is can large and data transmission proposed to the 1950s and 1960s. When large and data transmission systems — must be overseen by the Government.

Mr Prestowitz said the proposed to the 1950s and 1960s. When large and data transmission with proposels, strongly opposed to the 1950s and 1960s. When large and data transmission by the Government.

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with proposals, strongly opposed by Washington, to legislate new regulations for computer software and telecommunications services.

Mr Clyde Prestowitz, counsellor for Japanese affairs in the Commerca Department, also said U.S. Vice-President George Bush, unhappy when talks in February failed to iron out high technology issues, ordered him and other trade officials to return to Jepan and stay until progress was made.

Mr Prestowitz said the proposal was "pernicious, dangerous and probably in violation of international copyright agreements."

He said he had emphasised to Mit and others that software markets, are the dominant is an intellectual property, not strading relationship. The should fall under international copyright conventions.

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Should fall under international copyright and its closed capital to Mit and others that software trading relationship. The dominant is an intellectual property, not considering raising the beef in telecommunications services.

U.S. ships 30,300 tons of beef a proposal was "pernicious, dangerous and probably in violation of international copyright agreements."

Peking — China's first patent law was approved yesterday and will take effect on April 1, 1985. The aim of the law is to ease foreign

business fears that technology sold to the Chinese will be copied.

The law, which went through more than 20 major revisions, was rubber-

stamped by the standing committee of the National People's Congress, China's parliament, and now goes to Chinese President Li

yesterday called Japan'e plans the Ministry of International sion services to 50 per cent and to regulate software "a step backward," and said a proposal to deregulate telecommunications systems "is not as much rather than copyright conven-

Xiannian for signing.

The new law allows foreigners, and Chinese, to apply for patents in China and receive equal treatment

and protection.

In the past five years under the pragmatic leadership of Deng Xiaoping, China has opened itself to outside commercial enterprise in a

drive to modernise. Bot many foreign companies hesitate to sell China the advanced equipment it seeks because of fears that "one company

China passes first patent law

progress was made.

Mr Prestowitz and Mr James

On software, the U.S. ministry power to limit foreign
Murphy, another trade official, strongly objects to efforts by capital for some data transmisyesterday called Japan's plans the Ministry of International sion services to 50 per cent and

imports it, 100 companies share it," as the head of China's new Patent Office, Huang Kunyl, has admitted. The new law provides for licensing and royalties in cases where patented products are reproduced and gives patent holders the right of redress,

A Chinese inventor work-

ing for a state company will be paid compensation for his idea, but the patent will be held by his company.

Mr Murphy said the Ministry regards this control as a "treasured sword in the family" that would not normally be wielded, but added that the Ministry's broadly defined power to approve licences would give it "tremendous discretionary power" and put pressure on foreign companies.

Mr Prestowitz sald a recipro of the state of the U.S. Congress last year that provided for retaliation against nations which do not give equal access in telecommunications markets was dropped at the Administrations of the state of the Administration. tion's urging. If the Japanese Bill becomes law, "I am not sure we would fight," a reintroduction of such measures, he said.

Lisbon drops

THE PORTUGUESE Government has cut its import surcharge imposed in 1983 to

a raie of 10 per cent from the previous level of 30 per cent, Diana Smith writes from Lisbon. Imported goods destined for the electric, elec-

tronic, textilo and footwear industries will now be exempted from the surcharge.

To qualify for exemption, the value of the imports must be less than Esc 90,000 (4455)

import tax

# space station deal

MR YASUHIRO NAKASONE. the Japanese Prime Minister, yesterday expressed interest in principle in Japan taking part in the planned multi-billion dollar U.S. manned space tation station.

Mr Nakasone, however, told Mr James Beggs, chief of the National Aeronautics and Space Administration (Nasa), that Japan would need to be con-vinced that the station would be dayoted to peaceful purposes before a formal commitment

Mr Beggs, who came to Japan following a week-long tour of Europe, has suggested Japan put up the equivalent of about 10 per cent of the scheduled \$8bn per cent of the scheduled soon contribution to the project, whereas European nations are being solicited for 20-25 per cent. This could bring the total budget, in 1982 dollars, to about \$11bn.

In a later meeting, Mr Michi-yuki Isurugi, director general of Science and Technology Agency, implied that Japan would like to have a clearer idea of its potential role in the project, as well as agreeing on Sixtus communications satellite broad cost-sharing details, by to a position usable from the end of the summer. A firm Peking and installed a mobile commitment before the U.S. communications centre near the presidential election may be Chinese capital.

Agencies add from Rome: China and Italy have signed an agreement designed to further research co-operation into civil space projects, an Italian Ministry of Science and Tech-



nology Research statement said The accord, to expand co-operation in progress for several years, was signed by Mr Zhang Jun, the Chinese Aeronautics Minister, and Sig Luigi Granelli, the Italian Science Minister.

Two years ago Italy moved ets

Sig Granelli said the agreement opens the way for research with potential commercial applications that made use of Chinese expertise in launchings and Italy's knowledge of satellite technology.

# Japanese lease deal finances Spanish order

By Yoko Shibata in Tokyo UNION Electrica-Fenerosa (UEF), a major Spanish electricity generating company, has placed a Y104.6bn (£319m) order for power plant equipment through a consortium of 19 Japanese companies led by

Orient Leasing.
The lease-and-buy contract between UEF and the Japanese syndicate involves 12 annual payments by the Spenish utility for the Y60bn worth of power generation equipment involved. A lease arrangement of this kind allows the UEF access to Japan'a low-inverest rates—the long-term prime rate is only 8.2 per cent—for what amounts to a long-term loan.

This is the latest example of

the use of this funding techpique by Japanese leasing companies which has enabled them to win several large yendenominated contracts recently. In early January a syndicate of four Jananese companies-once again led by Orient, the country's largest leasing company—won a Y30bn order from shother Spanish power company, Fuerzus Electricas Cataluna (FESCA).

# Jamaica barters with Yugoslavia

By Canute James in Kingston THE Jamaican Government and a Yugoslav trading company have agreed to countertrade 450,000 tonnes of alumina pro-duced in the island for housing units and construction material. The five-year agreement will see the island disposing of alumina worth about \$75m. The Yngoslev agency, Bioprodukt, will this year take 50,000 tonnes of Jamaican alumina in ex-change for 1,500 houses. Jamaica will then supply 100,000 tonnes of alumina a year for the next four years.

# Anglo-Swedish trade up 15%

By Kevin Done, Nordic ANGLO - SWEDISH trade jumped by nearly 25 per cent last year as the UK moved forward to become Sweden's second most important market

after West Germany.

Swedish exports to the UK totalled £2.05bn, a jump of 23 per cent from £1.87bn in 1982. At the same time UK exports to Sweden rose by 24 per cent to £2.39bn from £1.94bn the

# THE UK Government will push hard for an increased share for British equipment mannfacturers in the outfitting of the 150-seat A-320 airliner to be built by the European Air. Mr Norman Lamont, Industry Minister, said after a meeting in Bonn yesterday of officials from the four countries in rolled that he was looking a "foll and fair" sharing of the work in outfitting the cabin and cockpit of the new air-

The French, West German, Spanish and UK officials will meet again in May at the Hanover Air Show to discuss the equipment question. memorandum of understand-

UK to seek

Airbus work

larger

share of

ing (MoU) launching the new aircraft, for which 96 orders and options have so far been booked, is expected to be signed in June.

This MoU will formally knit together the hitherto comparatively lookely framed functal commitments of the four participating governments in a formal, legal agreement.

This will detail the pretise com-mitments of each government, and outline the specific details and outline the specific details of their participating industries, shares in the A-320 venture, so that there can be no uncertainties as to who is undertaking what, and how much cash each country is committing to the venture. Such an agreement will also be vited for Antius Industrie, in convincing the world's airlines that the A-320 is no longer a vague proposition, but a full-

scale venture to which four major European governments are giving firm financial Mr Lamont's remarks on the equipment situation, which reflect the German and Spanish positions, are politicly directed at France which predominated in the

fitting out of the consortium's existing sircraft, the A-300 and the A310. Mr Lamont said that the UK was not necessarily seeking a share of equipment equivalent to British Aerospace's 26 per cent work share on the airframe. However, an equipment share of as little as 8 per cent, as on the A-200, would not be "satis-factory."

largely because of France's central mamufacturing position, French manufacturers have been providing over half the outfitting work on the existing aircraft.

As for Government-backed plans for Rolls-Royce to develop an A-320 V-2500 engine, Mr Lamont sald he was confident the engine could be threased in time for the six. craft's launch in early 1988. craft's latterh in early 1988.

The present financial participation in Airbus Industrie is divided 37.9 per cent in favour of Aerospatiale of France and MBB of West Germany, 20 per cent for British Aerospace and 4.2 per cent for Casa of Spain. All the governments involved have piedged financial support for the \$2bn venture.

It is hoved that the A-320 will is hoped that the A-320 will pay its way after sales of 600 aircraft, although neither of its predecessors has been profitable in a conventional sense. Mr Lamout said London also wanted financial management to be tighter than on the A-500/310.

The work shares are divided roughly 37 per cent for France, 30 per cent for Germany industry, 26 per cent for the UK and the balance for Spain and non-shareholding companies.

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The state-run Pakistan International Airlines (PIA) confirmed yesterday it would buy five twin-jet Boeing 737-300s, Agencies report from Karachi, A PIA spokesman did not disclose the purchase price. He said the aircraft would be delivered in the current delivered in the summer of

next year.

He said that PIA planned to spend \$450m to buy an edditional wide-bodied aircraft each year for the next five

# Tebbit calls off next month's visit to Tokyo

BY JUREK MARTIN IN TOKYO

THE PLANNED visit to Japan next month by Mr Norman Tebbit, the Trade and Industry Minister, has been called off, the British Embassy confirmed in Tokyo yesterday.

An official insisted that the

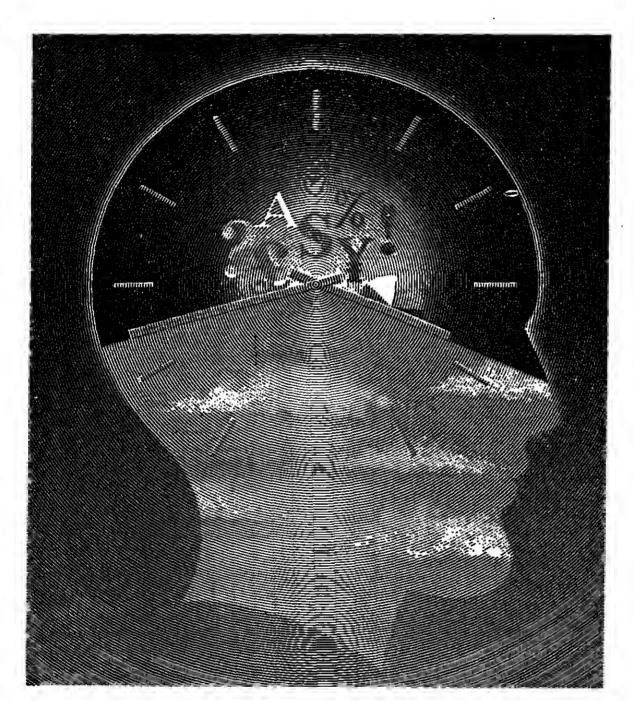
An official insisted that the cancellation should not be construed as any sign of British displeasure with Japanese commarcial policies but resulted from the incompatibility of the political calendars both in London and Tokyo.

Mr Tebbit was dne to come here for about a week starting on April 16, for discussions with the Japanese Government and for inspection of Japanese industrial facilities. This had been the agenda for Mr Cacil Parkinson, his ministerial predecessor, whose resignation last autumn also resulted in a cancellation.

However, Japanese ministers seem likely to be still tied up

then by the budget proceedings in the Diet (parliament), while Mr Tebbit's own parliamentary schedule was said to be so tight that rearrangement before much later in the year was precluded. Thus the burden of any substantive political discussions with Japan will fail on Sir Geoffrey Howe, who is coming here in the last week of next month as part of a wider Far Eastern tour.

As it stands now, there are no outstanding bilateral disputs between the UK and Japan that have not, and cannot, be dealth with in the larger framework of Japan-EEC relations. It so happens that M Gaston Thorn, the Commission president, is also dua here in the middle of April, while several Japanese ministers will be in Paris and Brussels in the middle of May for talks with the Community. of May for talks with the Gom-



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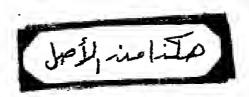
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lenge.We'll use our minds imaginatively; our global network time productively.



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Financial Times Tuesday March 13 1984

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# Hitachi linked with Daewoo's bid withdrawal

BY LYNTON MCLAIN

DAEWOO, one of South Korea's Hitachi normally specifies that its largest industrial groups, appears licensees operate within specified to have been influenced by Hitachi, territories. It is unlikely that Daethe Japanese industrial conglomerate, to pull out last Friday from its proposed acquisition of the assets and business of the Hymac hydraulic excavator company in South

Hymac was put into receivarship last November after the collapse of IBH Holdings, its West German

Daewoo Heavy Industries makes excavators and machine tools under licence from Hitachi. The Japanese group is said to have been "peeved" when it learned that Daewoo intended to make excavators in Britain, through the acquisition of

Hymac.
These excavators would have been in direct competition with Hi-tachi's own excavators, which bave become among the market leaders in the UK within four years. It is understood that the South ants from Golden Apple associates,

Korean company was "summoned" to Tokyo last week to explain its proposed purchase of the Hymac

woo's licence to manufacture Hitachi excavators permits the South Korean group to manufacture or sell them in the UK.

Daewoo, with regional develop ment grants from the Welsh Office and with investment from the Welsh Development Agency, had of-fered to buy the assets and business

The rescue of Hymac is now jeop ardised by the withdrawal of Daewoo, which told the receivers last Friday that it would not "proceed any further."

sidering the alternatives. This includes the possibility of a bid by NEI Thompson, the engineering company based at Wolverhampton in the Midlands.

A team of management consultan Oxfordshire company which introduced Daewoo to the Hymac receivers, is intent on forming a conpanies to bid for the company.

# Retailers' trade up by 1% in month

By Max Wilkinson omics Corresp

RETAILERS' trade recovered February after a sbarp fall in January, according to official estimates published yesterday.

Figures from the Department of Trade and Industry showed that the volume of retail sales rose by 1 per cent between the two months to an index value of 108.9 (1980 - 100). This was rather lower than the average for the last quarter of 1983. But it was 3½ per cent above the level of trade at the same time a

The recovery in trade during February was predicted by the recent Confederation of British Industry / FT survey of retailers.

Yesterday's figures do not appear to suggest that the consumer boom of last year has finished yet. However, most forecasters, including the Treasury, are predicting that the rise in consumer spending this

The cost of materials bought in by UK manufacturers scarcely rose in February, although fuel costs ceivers, is intent on forming a con-sortium of British engineering com-panies to bid for the company. were about 1 per cent higher than in January, according to official fig-ures published yesterday.

# Defence chiefs will lose powers in Whitehall reshuffle

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

substantial loss of power for the chiefs of the three armed services. Mr Michael Heseltine, Defence
Secretary, said he intended to integrate the top level military and civilian staffs into one central organithe formulation of the plan. He

structure of the organisation of de-

Heseltine acknowledged that there would be staff cuts at senior levels. fectively be divested of all policy He declined to give the number of functions. Service chiefs would be defence budget.

He expects his plans to be widely crease in power can be expected debated before they are finalised in from the political lobbies for the a special White Paper (policy docu-services. ent) in summer. The plans, a wellkept secret, seem likely to come as services, opposition could well be a shock to many senior officials and blunted by the more tentative For the last year, Mr Heseltine over the past few years by Mr Hes-

has been studying the organisation eltine's predecessors.

RADICAL CHANGES in the orga-nisation of defence in Britain were istry in Whitehall, through his spe-announced yesterday. They involve cial Minis (ministerial information system) but there was little expec-lation within the MoD of early or

sation within the Ministry of De- made it clear that while details of fence (MoD). He is also to create an the plan would be influenced by the office of management and budget to consultations now beginning, its give stronger central control of the cutline had been decided. The main change would involve

In a consultative paper circulated the centralisation of defence policy. yesterday, Mr Heseltine said his Mr Heseltine said the maintenance aim was "to simplify the present of a separate navy, army and air force was vital for the morale of the services and there would be no cuts At a later news conference, Mr in fighting manpower. However, the services would ef-

job losses envisaged, or the savings come administrators of policy, to be that might be made in the annual decided at the centre. Opposition to this marked de-

> But within the senior levels of the moves towards centralisation made

to set up production of video cas-

make VCRs in Wales now means that all the leading Japanese com-panies in the sector will shortly have European production.

considerable concern in the commi nity at the level of imports. One re-sult of that concern - most forcibly

Jason Crisp examines a VCR project for Wales

# Sharp sets up in Europe

SHARP, one of Japan's leading con-sumer electronics groups, will be-come the tenth Japanese company sette recorders (VCR) within the

European Community.

The sudden rush of Japanese companies to make VCRs in Europe over the past 18 months comes after demonstrated by France's infamous customs shed at Poitiers - was the voluntary limitation on imports. (Last year the EEC and Japan's Ministry of International Trade and Industry agreed to limit imports to

The Japanese arrival in Europe coincides with a significant fall in market growth. Part of that fall is because of the voluntary agreement between the EEC and Japan's MITL Last year Japanese exports of VCBs to the Community were 4.6m units, down 6 per cent on the previous year.

Another reason is that the UK and West German markets - which represent most of the demand for VCRs in Europe - are now at, or close to, their peak. According to Mackintosh Consultants, demand in the UK is likely to fall slightly in

comparable with demand for colour Arropean Community. TVs in the 1970s. Colour TV peaked. The announcement that it will in 1973 at 2.7m and thereafter ranged from 1.8m up to 1.9m to

> The Japanese manufacturers have dominated European markets.
> The only truly European-made VCRs are produced by Philips in Vianna, Austria and Krefeld, West Germany and Grundig in Nuremberg. Although Philips was one of the prime movers encouraging the EEC to restrict imports of Japanese VCRs, it subsequently failed to capitalise on those restrictions.

The Philips format V2000 - also supported by Grundig - has failed to make a significant impact outside West Germany, Benelux and the Netherlands. Although Grundig over 2m video recorders a year, de-Sony. All three formats are incom-

he corrent year. chuding Sharp yesterday — deny The level of demand for VCRs of that they are making VCRs in Enjust over 2m a year in the UK is rope as a result of the EEC/MIT observers note that the small as sembly operations being established in Europe do not appear particu-

arly commercial. Most of the Japanese operations are so called "screwdriver" assembly plants. The first materials to be purchased locally are usually pack-aging and cases for the VCR - items with which there are not likely to

be many quality problems.

Certain electronic components
may also be sourced locally. The
precision-built tape mechanism, the ingle most costly item in a VCR, is only built in Japan. Thomson in France is the only company other than Philips with plans to make the

mechanism in Europe. But most of the Japanese comm and Philips have a joint capacity of nies are now planning to try to get local content to 45 per cent. Once mand for their products is thought that is achieved the companies will to be well below that. The best claim European origination. It selling format is VHS, developed by means the VCRs will fall outside JVC, followed by Beta, developed by the EEC/MITI agreement and also can be exported to other countries within the EEC.

And last November Philips and The largest video production in Grundig announced that they had a Europe - after Grundig and Philips ncence to make VHS format recorders for sale outside Europe. Many people in the industry have taken this as a signal for the eventual demise of the V2000 format.

# Ten Reasons Why Pan Am Clipper Class Is In A Class By Itself.









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# Communist factions set to part company

BY JOHN LLOYD, INDUSTRIAL EDITOR

AN INCREASINGLY divided Com- is an important political issue. munist Party of Great Britain He says that an ideal party paper (CPGB) now looks set to splinter not only explains and publicises

A meeting of the party's execu-tive over the weekend adopted a re-with their supporters the June anport by Mr Ron Halverson, the mal meeting of the People's Press chairman, which harshly criticised Printing Society (PPPS). the paper's senior editors and for The PPPS, which is formally in-

the Morning Star's increasingly unrades may now be able to rely on critical support for the Soviet Union support from the Soviet Union.

later this year into a Eurocommun-ist group led by the present party cialist countries, but does not hesi-executive and a hardline, pro-Soviet tate to criticise when criticism is faction, organised around the Morn-justified; and which seeks to anaing Star, the party's daily newspa-iyse the causes of the problems faced in building socialism."

the first time made clear the politi-cal differences between the two fac-tions. The Eurocommunist group he-His statement makes clear that lieves that their pro-Soviet com-

> In addition to the permanent un dertaking, Dowelhurst and Mr Tayfor agreed to supply Glaso with a list of their suppliers and custom-ers, and to disclose the identity of

the printer commissioned to pro-

Sigma's undertaking not to use

Glaxo not to print any more.

ing in three weeks time.

# Glaxo court victory

BY LISA WOOD

GLAXO, one of Britain's major Ventolin, one of Glazo's major pharmaceutical companies, reached pharmaceutical, has been the target agreement in the High Court in of much "parallel importing". London yesterday with two pharmaceutical wholesalers over alleged rector, Mr. Richard Taylor, also infringement of Glaxo's copyright agreed to pay Glaxo £9,000 dam-

ford and Dowelburst of Coventry. had been taken to court by Glazo in an attempt to prevent their alleged use of copies of the packaging that its Allen & Hanburys subsidiary uses for the anti-asthma inhalers.

duce the disputed packaging and to get him to sign an undertaking to The two companies yesterday agreed not to sell inhalers in packthe disputed packaging will remain in force until a further court hear-

aging allegedly copied from that used by Glaxo for Ventolin. Government property chief

steps down

MR MONTAGUE ALFRED yester day left his job as chief executive of the Government's Property Service Agency (PSA) with nine months of a three-year contract to run.

The agency's management has

ter a series of fraud and corruption cases involving PSA employees be tween 1976 and 1982. Mr Alfred joined the PSA in January 1982 with a brief to reorganise

and improve management efficien The PSA last night would say little more than Mr Alfred's service contract had been terminated "by

mutual agreement." The agency manages more than £10bp worth of

government property. port last year called for urgen changes in management attitude

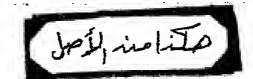
Nearly 50 separate incidents of fraud and corruption were un-

DIAMOND CAPITAL LIMITED been strongly criticised by MPs af-

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# **Anglo American Industrial Corporation Limited**

PRELIMINARY PROFIT ANNOUNCEMENT AND NOTICE OF FINAL DIVIDEND ON THE ORDINARY SHARES

Subject to final andit, the following are the preliminary results of th	e comoration and its
Subject to final andir, the following are the preliminary results of the subsidiaries for the year ended December 31 1963.	c torporation and

Turnover	R mlt]lon 1 599.0	1982 R million 1 707.5
Income from associated companies	211.8 83.1	248.1 100.9
Dividends Share of retained profits after tax (Note 3)	61.6 21.5	68.1 32.8
Income from investments Interest earned	2.2 9.8	5.6 12.0
	306.9	366.6
Expenditure on research and development	8.4 55.8	7.5 61.3
	64.2	68.8
Taxation	242.7 42.2	297.8 53.8
Profit after taxation	200.5	244.0
Outside shareholders interest in profits of subsidiary companies Dividends paid to former shareholders of subsidiary	33.4	44.1
companies Proference dividends	1.8	11.3
	37.2	57.3
Profit attributable to ordinary shares  Extraordinary items (Note 4)	163.3 47.4	186.7 (11.2)
	2t0.7	175.6
Ordinary dividends —Interim —Final	25.1 57.2	24.7 56.0
	82.3	80.7
Retained profit  Number of ordinary shares in issue (000)  Earnings per ordinary share—cents  Dividends per ordinary share—cents	128.4 45 680 357.5	94.9 45 677 416.6
Dividends per ordinary share—cents Interim Final	55.0 125.0	\$5.0 125.0
<ul> <li>Calculated after excluding the 849 164 shares in the curp wholly-owned subsidiary. De Beers Industrial Corporation Lin</li> </ul>	oration then	

Notes:

(1) As announced in the press on October 14 1983, this corporation sold its wholly-owned subsidiary, African Products (Proprietary) Limited (Aforod), to The Tongaat-Hulett Group Limited (Tongaat) for a consideration of 9.5 million fully paid ordinary shares of Ri each in Tongaat, plus a cash payment of R3.1 million. The effective dale of the sale was January 1 1983.

(2) The construction by Mondi Paper Company Limited of the R600 million pulp mill complex at Richards Bay proceeded on schedule during 1983 and it is anticipated that the forecast commissioning dale of October 1984 will be met.

(3) Sigma Motor Corporation (Proprietary) Limited (Sigma) incurred a loss of R69.1 million in the year ended December 31 1983. The loss attributable to the corporation's 50 per cent equily-interest to Sigma amounted to R34.6 million. This loss has been charged in full against the corporation's share in the retained profils of associated companies. With the introduction of several new models towards the end of 1983 and restructuring of the management team, it is anticipated that Sigma will achieve a significantly improved result during 1984.

(4) The amount reflected as extraordinary items relates mainly to profits earned on the disposal of Afprod and the sale to Anglo American Corporation of South Africa Limited of Amic's investment in Barlow Rand Limited and the Si9 144 shares in Amic held by its whofly-owned subsidiary, De Beers Industrial Corporation Limited.

It is anticipated that the annual report will be posted to all registered shareholders on or about March 28 1984.

# FINAL BIVIDEND No. 40

5 cents per share (1982: 125 cents) in respect of the On March 12 1984 a final dividend of 125 cents per share (1982; 125 cents) in respect of the year ended December 31 1983 was declared payable on May 4 1984 to ordinary shareholders registered in the books of the corporation at the close of business on March 30 1984. This dividend, together with the interim dividend of 55 cents per share declared on August 18 1983, makes a total of 180 cents per share for the year (1982; 180 cents). The ordinary share transfer registers and the ordinary section of the register of members will be closed from March 31 to April 13 1984, both days inclusive, and warrants will be posted from the Johanneshurg and the United Kingdom offices of the transfer secretaries on or about May 3 1984. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency cquivalent on April 2 1984 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before March 30 1984.

the corporation's transfer secretaines in Johannesburg, the secretaines of the corporation's transfer secretaines in Johannesburg and 1884.

The effective rale of non-resident shareholder's tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the corporation and also at the offices of the corporation's transfer secretainies, Consolidated Share Registrars Limited, 1st Floor, Edura, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 6105), Marshalltown 2107) and Charter Consolidated PL.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

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Telephone 01-621 1212

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W. 5. Yesiss ... 240

# ENERGY BESOURCES & SERVICES INCORPORATED

Net Asset Value 29th Februery 1984 \$7.94 per share (unaudited)

STOCKBOLDERS FAR EAST INVESTMENTS INC.

Net Asset Value 29th Februery 1984 \$2.76 per share (unaudited)

# PERSONAL FINANCIAL PLANNING

It is proposed to publish a survey on the above subject on Saturday, 28th April, 1984. For further details and ndvertising rates, please contact: NIGEL PULLMAN FINANCIAL TIMES LTD. Bracken House

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# **UK NEWS**

# Gillette chief for **Abbey National**

By Andrew Taylor

ABBEY NATIONAL, the country's second largest building society, has sprung a surprise by go-ing outside the building society movement to appoint its new chief executive.

Mr Peter Birch, 46-year-old managing director of Gillette UK, the razors and tolletries company, was yesterday named as Abboy's new chief general

manager. He succeeds Mr Clive Thornton who left the society at the end of last year to become chairman of hirror Group Newspapers. Mr Birch takes up his new post from April 19. Mr Birch will be taking over

one of Britain's largest sevings institutions. Abbey has 7m inves-tors and last year lent house buy-ers about £3.25m. Nine of Abbey's general and assistant general managers had

applied for the chief executive's job. Sir Campbell Adamson, Abbey's chairman, said he accepted that there would be some surprise and disappointment at the

It is not usual for building societles to appoint outsiders to top jobs, but if outsiders are appointed they are usually people with experience of the personal savines and investment market.

Sir Campbell said building societies were poised to break into a number of new areas providing a much greater range of financial services. Mr Birch's experience of tackling new markets and launching businesses in different countries would be valuable to

the society, he added.

Mr Birch, who joined Gillette
in 1965, was made managing director of the company's UK operations in 1981.

# Minister urges pension 'fair deal'

BY ERIC SHORT

THE GOVERNMENT wants occupational pension schemes to reflect more closely the needs and aspirations of their members, Dr. Rhodes Boyson, Minister of State for Social Security, said yesterday.

It also wanted people to be more closely identified with their pension schemes, he told delegates in London to a Financial Times confer ence on "Pensions in 1984 - time for a change."

The Government's comprehen-

sive inquiry into provision for re-

tirement, he said, was not about cutting state pensions already be-ing paid. Nor did it mean that the Covernment intended to dismantle occupational pension schemes and the partnership between state and Dr Boyson emphasised that the Government was concerned to ensure that, in future, everyone bad a fair deal from their pension scheme. He told delegates that the Government had completed its con-sultanous on the early leaver problem - the loss of peasion rights when employees change jobs. He did not give any indication of the solution in the problem, but stated that it was intended to introduce legislation in the next parlia-

mentary session. He did indicate that this legisla-tion could incorporate the Government's proposals - published a fortnight ago - on disclosure, security, supervision and clarification of re-sponsibilities of pension schemes. Mr Nigel Visson, chairman of the

personal capital formation group of the Centre for Policy Studies, defended the case for personal pensions and the eventual dissolution of the company pension scheme.

The centre bas been a leading advocate of portable personal pen-sions. Mr Vinson explained that its central theme was to reverse the present trend in wealth becoming progressively owned by the instituions. He pointed out that the value of assets in pension funds, at £120 on, already exceeded the value of the national private housing stock.

He warned that, unless this trend

FINANCIAL TIMES Pensionstime for change

CONFERENCE was reversed, then in 20 years' time there would be a society where virtually everything but a person's home was owned by the institu-tions. He emphasised: This cascade of money is nobody's money."

he said it was the centre's desire in make it "somebody's money." Mr Vinson said that he wanted changes in come about voluntarily and was not acrocating the immediate dissolution of company pension schemes, Indeed, he still felt that the company arrangements would remain the core of pension scheme provision. But he wanted employees to have the freedom to choose between staying in a company scheme or making alternative pension arrangements.

Support for the personal pension approach came from Mr Tim Mil-ler, managing director of the Framlington Group. He contrasted the money purchase approach of personalised pensions with the final salary-based company pension schemes.

He claimed that final salary schemes, which purported to guar-antee pensions, involved considerable cost subsidies and transfers of

Mr Michael Pilch, director of No-ble Lowndes and Partners, defended company pension schemes as still being the best means of pro-

assets between various groups of employees. A money purchase scheme which simply invested the contributions was fairer to all con-

viding adequate pensions for the vast majority of employees. He claimed that Mr Vinson and

the Centre for Policy Studies bad Their proposals would have the opposite effect to that intended.

vate bands, but would involve a diversion of resources to the state of about £4bn a year. He accused Mr Vinson of ignoring the practical problems involved with portable pensions

The company pension scheme lise transfers to and from based on final salary was also defended by Mr Martin Paterson, chairman and managing director of Martin Paterson Associates. He told delegates that the main purpose of pension schemes was to replace an employee's pay at retire-ment. He claimed that only a final salary scheme could properly meet

this objective. Mr Paterson compared the performance of money purchase ar-rangements over the past years to highlight their erratic behaviour, compared with the uniform accrual

rate of a final salary plan. Mr Tom Heyes, chairman of the National Association of Pension Funds and head of the investment department at ICI, accused the supporters of portable pensions of us- pension benefits to prevent overing the early leaver problem as a means of invoking political pressure to overturn the present pension structure.

Mr Heves was also critical of the blundered into the pensions arena. Government's proposals to deal with the early leaver problem. These, he claimed, did nothing to Mr Pilch argued that the dissolu- meet the needs of employees cur-

tion of company pension schemes rently changing jobs.
would not transfer assets into priMr G. G. W. Franks, senior principal of the occupational policy pensions division at the Department of Health and Social Security, summarised pensions legislation. He said the current parliamentary session would include legislation to liberalise transfers to and from contract-

> He also discussed the initiatives in the EEC which affected occupational pension schemes, including the implications of the equal treatment directive.

> Mr Dryden Gilling-Smith, managing director of Employee Bene-fit Services EBS (Management). claimed that pensions legislation invariably was counter-productive and resulted in quite different ef-fects of those intended. He urged the Government to give more con-sideration to the repeal of legislation, rather than to the introduction

of new legislation.

Mr L. W. Martin, senior partner in R. Watson and Sons, discussed the case for integrating the state provision. Mr Richard Harvey, manager of personal pensions de-partment of Phoenix Assurance, argued against integration.

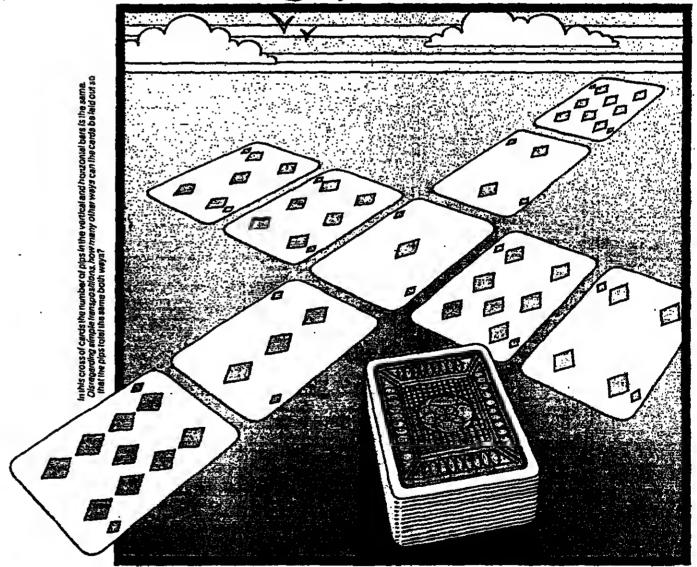
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EDITED BY CHRISTOPHER LORENZ

# THE MANAGEMENT PAGE: Small Business

PACKAGING frozen beef appears to be a good deal easier than "packaging" a manage-ment buy-out. That, at any rate, has been the experience of 41year-old managing director Peter Howard-Jones who, to-gether with four of the com-pany's other senior executives, has just become a proud owner of the £30m a year Meatpak

Hampshire Group.

Yesterday'a announcement that the management team and its backers are buying out the business marks the accessful outcome of what has been a long and at times frustrating search for financial support. Meatpak's co-founders -the Bejam freezers and frozen foods group and Swift and Co, the UK subsidiary of the Ameri-can-owned Esmark group— will receive a total of £2.67m.

Howard-Jones has spent the last 12 months doggedly, but often unsuccessfully, negotiating with major British financial institutions, and before Sharp Unquoted Midland Investment Trust (SUMIT) and the Post Office Pension Fund eventually agreed to put up the money, had been turned away by no than eight possible

Although there have been some exceptional circumstances in this case, the Meatpak story inderlines not only the deter mination required by managers their businesses but also the who aspire to own as well as run increasingly tough bargaining tactics of parent companies preaented with the buy-out option

The major challenge for Mastpak's buy-out team— Howard-Jones began to formu-late his plan less than a year after being head-hunted from Britax, the car safety company
—was how to interest investors
in a business whose executives

THAT management buy-outs continue to be an important phenomenon on the industrial scene is demonstrated by the increasing number of such deals completed annually. It is diffi-cult to be preicse, but we would financial institutions that about 200 deals were completed in 1983, compared with 170 in

Initial analysis of our survey of 111 surviving buy-outs between 1977 and 1983 clearly shows that there is no such thing as a typical buy-out, that they occur in a broad spread of industry, and, significantly, that there is a high level of union

Despite the diversity of companies covered by the research which involved a mailed

Management buy-outs: by Tim Dickson

# A growing force, but the price is getting steeper

BET, BICC and United Biscuits did it last year. Tesco, IMI and John Laing have already done it this year. And judging by current trends plenty of other well known UK companies will do it is

In spite of suggestions that In spite of suggestions man management buy-outs were just a temporary response to the harsh economic environ-ment of the last three years, ment of the last three years, they continue to play an im-portant role in the restructur-ing of British industry. An increasing number of finan-cial institutions is now

were convinced had a bright future but which was inherently

Institutions which promote and finance buy-outs like a purchase price which reflects a healthy discount to net assets.

They perk up if they see a sound track record and they

become highly enthusiastic if they spot an experienced man-

agement team. Meatpak's owners, by contrast, insisted

throughout on a price tag close to book value, the company's

trading history was patchy and its performance depended

entirely one

customer, while most of its key

almost

unappealing to the City.

putting together buy-out deals and while no reliable figures are available it appears that at least as many management teams won control of their own destiny last year, as in

Significantly, however, the market is changing. Two to three years ago many profit-able subsidiaries of big companies were sold at what in retrospect seem "knock down" prices just to keep the parent alive. At a time when economic activity was depressed management teams were often the only parties

appointment in 1982 and thus had had little chance to show

their paces. Support for an independent Meatpak required

an act of faith in the new man-agement's ambition to build on

its strong technical base, to attract new customers and to

tackle new areas of the ex-

panding frozen meat products

beef and lamb plant at Chand-ler's Ford, Hampshire, and a

was set up in 1972 at a time when retailers throughout the

UK were flirting with vertical integration through the acquisi-

The company, which has a

market

willing to put forward a bid.
Today, by contrast, there seem to be fewer "distress" sales. Companies are not only stronger and giving away less (as the Meatpak story illus-trates below) but as demand picks up across many sectors of industry companies are now faced with a wider range of options when deciding to dispose of unwanted assets.

As Roger Brooke, managing director of buyout specialis Candover Investments, points out: "The flow of deals is still very considerable but management teams and their

looking at ways to exploit the growing market in home

the joint venture worked well growing on the back of Bejam's rapid expansion but in the pro-

dent on the frozen food retailer as an outlet for its products (roughly 80 per cent of Meat-pak's sales still go to Bejam).

This was fine so long as Bejam remained unchallenged but by

the late 1970s and early 1980s

other retailers such as Iceland

Frozen Foods, Cordon Bleu, and

the big supermarket chains in-

evitably come into the market-

ss became dangerously depen-

zers. Throughout the 1970s

contemplating the buyout option is "Make sure you don't pay too much." ICFC, which has done many more individual deals than its com-

backers are on occasions having to pay somewhat

petitors (about 100 in the year to end March and perhaps 500 overall) reckons that its failure rate is one in 10 considerably less than the average for small companies. This is expected to rise as managers increasingly pay more competitive prices.

manded better product specification and increasingly keen pricing-was lower growth and squeezed margins. Against this background-pro-

fit before interest fell from £547,000 in 1979 to £400,000 in over-Howard-Jones - was recruited to turn things round. But it was not long before he decided that a management buyout offered the best way to re-solve the founding shareholders' divergent aims.

Broadly speaking Swift had liked his plan to maximise profits, develop new products to complement the traditional meet integration through the acquisiplace offering high quality and complement the traditional meat
tion of manufacturing units and
competitive prices. The impact cuts, burgers and sausages,
meat businesses like Swift were on Meatpak—as Bejam de- and enter new markets (such as

> enced cash flow difficulties. whereas only 13 per cent were experiencing these problem after the change in ownership. Of these post buy-out cash flow difficulties, the problems in meeting interest payments on long-term loans was evident in 25 per cent of cases. In two of companies management negotiated a refinancing pack-are within two years of the date

of cash flow and the need to from our sample of survivors is meet the high interest payments of a sector well placed for which the financial package growth, and in 48 per cent of cases already ahead of pre buyout profit forecasts.



exporting and catering). Bejam, possible in the most efficient remained more interested in competitively-priced supplies, was reluctant to com-mit itself to a major capital spending programme and would have faced a conflict with Swift over the use of Meatpak's development time.

"Most people we approached in the City took one look at the proposition and told us to go back to Bejam and Swift and to demand a discount," recalls Howard-Jones. "I found that most of the financial institutions I met were not interested in

some of the best known names in the City, many people would have given up. But, Howard-Jones observes, "If you believe in yourself and your ideas you should go on. You shouldn't believe that any financial institulieve that any financial institu-tion is the final arbiter."

Happily the policy paid off quickly and a month later SUMET and the Post Office Pensummer and the Post Office Pension Fund had agreed in principle to supply the funds. But even then he was far from home and dry. "In our case," emplains Howard Jones, "we still had to reise a term loan, fint of leasing facilities and an overdraft which involved further presentations and a great deal of matters and a great deal of matters. ations and a great deal of extra

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dividuals who could say yes or

With enough money finally lined up the last stage could best be described as "haggling over terms." Ideally you should play one lot of institutions of against another and compare what they offer and you should be prepared to walk out of the door to show you many livedness. door to show you mean business. It's a bit like a cross between walking the Niagara. Falls on a high tightrope and playing poker for high stakes." Howard Jones and his colleagues won two important "victories" as a result of this approach. "victories" as a result of this approach—the original struc-ture of the deal was revised so that the cash outflow was reduced by \$1m over the first

Having been turned away by turned down Howard Jones com-some of the best known names mented yesterday. "I'm very in the City, many people would glad he's got the money. We thought it was a bit expensive at the time but we aren't always

lieve that any financial institution is the final arbiter."

Howard-Jones is also a great
believer in "going direct" to
those who control the purse
strings. "Many of the buy-out
specialists are agents who are
selling your story to others. By
last Sentember we just seemed from Meaning the purse
is a bit high they have under
taken to buy-significant volumes. future projections. Like many last September we just seemed from Mestpak over the next businessmen, I didn't really to be running into a brick wall five years. This will provide a realise that their job is simply so I decided then and there that firm base while the company to make as much money as I would only deal with the in-broadens its customer base."

# High level of union co-operation

number of common elements in the management buy-out process and thereby to draw up some guidelines

Buy-outs have been concluded in a range of industrial sectors from the typical stalwarts as textiles, clothing and foot--to the more emergent higher technology areas of computer maintenance, office business systems and the like. There have been production, distribution and service com-panies and it is difficult to find a sector outside primary industries that is not represented.

Seventy per cent of the buy-outs analysed ware for a pur-chase price of less than £1m. It is important to emphasise questionnaire and visits, and this because there is a natural was financed by the Economic and Social Research Council—
it was possible to identify a to the more atypical large deals

JOHN COYNE AND MIKE WRIGHT

such as the National Freight Corporation, Timpson Shoes and

One issue that we have looked at specifically has been the rola of the trade union in the period leading up to a deal. Given tha sttention which the UK industrial relations climate often receives, albeit reflecting praccompanies, it is significant that union support, both formally and informally. In only one of tha companies which we sur-veyed did tha trade union express any opposition to the

nised for negotiating purposes in 66 per cent of the companies and in 55 per cent of these there was more than one union. Indeed the degree of union involvement can be more forcibly seen in the existence of a closed stop in 40 per cent of the companies. After a buy-out, it is control

mevitably requires that causes management its major diffi-culties. In some instances, however, freedom from parental control, and removal of central company banking procedures has been very positively bene-ficial to cash flow control.

Before the buy-out 22 per cent of companies had experi- Croom-Helm.

The over-riding impression from our sample of survivors is John Coyne and Mike Wright

are lecturers in the Department of Industrial Economics, University of Nottingham. The full results of their survey are to be published in the autumn in Management Buy - outs by

# The BES route: a contentious issue

IN MOST ways BOC's decision last week to sell its Magnets Division to existing manage-ment and a handful of financial institutions was just another buy-out deal. But in one important respect the pro-posed transaction—it hinges on an accountant's report which is not a formality—is

This is because the outside investors — Charterhouse J. Rothschild, Electra Risk Capital, County Bank, Lazards and Granville & Co.—are all and Granville & Co-are all using funds raised from in-dividuals under the Business Expansion Scheme (BES). Combining a management truy-out with the BES, which offers individuals tax relief at their top marginal rate, is raising more than a few eye-

brows in some parts of the

designed to supply new equity to unqueted businesses whereas in a management but-out shares simply change hands. To get round this, some purchasers have arranged a large overdraft, used it to purchase the target company, and subsequently applied BES proceeds to pay off the borrowings.

As Graham Butler of Charterhouse points out, such loopholes are not being exploited in the BOC case because the consortium is buying a division and therefore assets, not shares.

Butler readily admits, howenabled Charterhouse and its fellow institutions to pay a higher price than that offered to BOC by a rival group (which is not using the RES and which is not best pleased by the outcome). This other bidder points out that since RES money consists wholly of equity, the stake available to the people actually imming the business is Higely to be relatively small.

The managers of BOC Magnets, which is likely to be given a wrice has close to its

given a price tag close to its not asset value of £3.5m, will end up with 25 per cent, the outside investors with 62.5 per cent and the fund managers with 12.5 per cent if all options are exercised.

consertium's higher offer is justified because the costs of servicing the equity "will be about #200,000 less than servicing the equivalent amount of loan."

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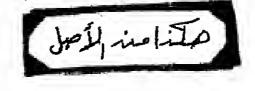
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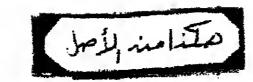
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THE ARTS

# Photographic Exhibition/William Packer Carnival in Venice

# William Weaver book jottings, memorande. Here, you have the impression of Venice being lovingly and acutely examined, stone by reports on its cultural side

sday March 13 lb

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relatively small.

Though the weather was hardly ideal for nudity, several masquers participated in Venice's popular Carnival "dressed" as the Rizce Vennce's Donniar Carrival
"dressed" as the Risce
bronzes. But the cold was no
discourage tient, and neither
was the considerable inconwas the considerable inconvenience caused by the closing of the Accademia bridge (threatened by summinent collapse) and the interruption of traffic on the Grand Canal. Visitors took learned to take Visilars soon learned to take advantage of the traghettes and the makeshift substitute bridges, or else they simply took the long way round (which in Venice is often the only way, in any case). In addition to the merry-making, the fast-food stands, the familiar hulla-baloo, there were appearance of the case of the ca there were as always some serious, enjoyable events; and of these, perhaps the most fascinating was the "Venezia nell'Ottocento" exhibition, arranged in the Napoleonic Wing

One buy-out special intract down Howards mented yesterday. It is set the man at the time but we am. and the Museo Correr.
While London is admiring the glories of Venice at its cultural peak at the Royal Academy. Venetians and visitors to their venetians and visitors to their city can learn — through a cogently selected series of works — the significance of venice and the sense of its life in the last century, which, culturally, begins with Byron and Turner and ends with Proust and Monet. There are some superior produces in the steam of superb pictures in the show, of course; but pictorial quality was not the only criterion in the choice for display. Some of the paintings illustrate the period's literary taste (besides Byron, also Fentmore Cooper, Shakespeare, Goldoni); others depict the 19th century view of earlier artists, notably Titlan, a

hero of romantic legends.
The Ottocento attitude to-wards Venetian history is shown here in paintings illustrating events in the lives of the Foscari family, the dramas of Marin Faliero and Caterina Cornaro (the same dramas that in-spired Donizetti and Verdi). And then — in some fine works by Ippolito Caff — there are

by Ippolito Caff.— there are pictures of current events, the 1849 war against the Austrians, the tragically short-lived Venetian republic of Daniele Manin. The final rooms of the show are devoted to city-planning, architectural drawings, engineering projects (including a cast-iron Accademia bridge, very handsome, by the English engineer A. H. Neville, perhaps worth reconsidering). This is the post Unification. Venice, the new city, attracting a different new city, attracting a different kind of visitor from Byron and Ruskin. Here are plans for hotels, cafes, beer halls, via-ducts, little villas on the developing Lido. You feel the

stone. Though some of Ruskin's Venice has disappeared, much has remained, and you walk through this gallery in a cons-tant shock of recognition.

The "Venezia nell'Ottocento" show is praise-worthy also for the readable, informative estalogue and the tasteful, tactful installation, which allows you to look at the works without being didactically hit on the Tasteful, too, and highly appropriate, is the current pro-

appropriate, is the current production at the Teatro La Fenice: a Fledermans (or rather, Pipistrello, since it is given in translation), full of gaiety, but without a moment's vulgarity. A co-production with the Theatre Chatelet of Paris and the opera houses of Lyon, Nancy, and Toulouse, it is handsomely designed by Manney. somely designed by Manro Pagano and given a straightforward staging by Gluliano Montaldo. The Italian cast is Montaldo. The Italian east is headed by Daniela Mazucalo (Adele), now something of an operatta specialist, though she has not abandoned serious roles, and Florella Pediconi (Rosalinde). one of Italy's promising young sopranos. Max-René Cosotti—familiar to Clividehournea and leases to a

Glyndebourne audiences—is e dapper Alfred, and Armando Ariostini, though somewhat light of voice, is an elegant Eisenstein. It is a pleasure to sec Luigi Alva back, gleefully playing Coi Frank, the prison warden. Peter Maag-wearing a hat-like black velvet smockconducted with grace and intelligence, allowing the happy sudience to appreciate all the magic of the score.

As a kind of post-scriptum to the Ottocento show, there is a little exhibition devoted to the

turn-of-the-century painter Mario de Maria, in the Casa del Tre Oci (House of Three Eyes), his former studio on the Giu-decca, Friend of D'Annunzio, and Duse, de Maria was not only a painter: he was also an archi-tect and designer, and the charming little show—besides displaying a number of his haunting, lunar paintings—also gives a good idea of his fascinating personality and of the cul-tural quality of the period. A visit to the Giudecca, peaceful even in hectic Carnival time, is always a joy: this little show affords an excellent pretext.

> Henry V opens 1984 Stratford season

The 1984 Stratford season opens on March 22 with Adrian Noble's new production of Henry V with Kenneth Branigh in the title role.

Leading roles are played by Brian Blessed (Exeter).

Brian Blessed (Exeter), Bernard Horsfall (Pistol), Harold Innocent (Canterbury) ghost of Thomas Mann, hovering.

Inevitably, and - justly, a (Katherine), Sion Probert
central gallery is devoted to
Buskin, with a generous (Mistress Quickly), Sebastian
sampling of his drawings, noteShaw (Charles VI and Ely),

If it's not one thing, it's another; and while we should not overload coincidence with not overload coincidence with significance, it remains true enough that clutches of mutually useful and complementary exhibitions seem not iotrequently to fall together. The links may be tenuous, quite meropected even, and unlooked-for, declaring themselves only with all the obviousness of hind-sight; or they may be clear. sight; or they may be clear, close and well-established; but none of them should really surprise us, who hold that Art, superficialty so verious, is essentially indivisible.

These past few weeks have given us the demonstration: first William Morris at the ICA, then the great Pre-Raphaelite Exhibition at the Tato, and now Julia Margaret Cameron at the John Hansard Gallery of Southampion University (until April 28, and taken on by the Arts Council to Bradford, Birmingham, Sheffield, and the V and A), all of them with so much in common, of material, subject, personality and circumstance, and yet each one so particular and distinct—and all of them falling to us within a span of eight days. In the case of Mrs Cameron

In the case of Mrs Cameron, the point of greatest distinction is, of course, that she was a photographer, and rather more than that, one of the first and still among the greatest of artist photographers. She was a pioneer most particularly to the use of photography as a medium of conscious personal expression; and it must be the chief value of this lalest exhibition that it gives us an unprecethat it gives us an unprecethat it gives us an unprece-dented opportunity to consider just what she achieved in that way, in its full range and qoslity.

The work ilself is not exactly unknown: it has been the staple of photographic surveys and anthologies for many years, and there have been a number of coordial exhibitions: the Herschel

special exhibitions; the Herschel Album st the National Portrait Gallery in 1975, for example, and most notable of all the comprehensive show arranged by Tristram Powell st Leighton House in 1971. But those were the days when the argument for the Photograph as Art had still largely to be won, something which this latest celebration, the largest of them all, is entirely free to assume. So what we have is not so much a consideration of the place Mrs Cameron holds amongst her peers within her chosen medium, but rather one of her standing as an artist in the hroader sense, set into the general cultural landscape of mid-Victorian England: which the year or two around 1850, came hard upon the first general



A Child's Head, 1866, by Julia Margaret Cameron



Pomona, 1872, by Julia Margaret Cameron

ter," for example) some hint of into triviality and insignificance, the camera's shallow and fore- which was the story we had shortened pictorial space: nor come to accept, we have a the camera's shallow and fore-shortened pictorial space; nor come to accept, we have a shall I argue that Mrs Cameron somewhat more intriguing proswas in any specific sense a latter-day pre-Raphaelite her-

But just as the Academy's splendid exhibition a year or two ago took post-impressionism prings us back, if at a certain remove, to the pre-Raphaelites.

The relation of the pre-Raphaelites to photography is a subject in itself, and one which I shall not treet here except to the Tete with pre-Raphaelitism. note that the short life of the the Tete with pre-Raphaelitism, Brotherhood as such, spanning whether by design or no, hreaks down the art historical myth of a close, coherent and dominant

pect of individual development, various, uneven, admittedly, but determined and interesting.

Mrs Cameron was given her first camera in 1864, by which time these artists were all well set in their various careers and repotations, their work broad-cast in reproduction and illustration and familiar to all who would call themselves serious, educated, cultured. They influenced her in the most general way, she responding not at all to their insistent literality, their excitement at the emergence of school. Student enthusiasm and to their insistent literality, their the infant medium—and its is precedity maybe; but the major not too far-fetched to find some connection in their work. In their fresh eye for detail, perhaps, and in certain works (Millais' "Woodman's Daugh promise, betrayed and dissipated was berself deeply religious. truth to Nature and historical decay, the buildings he fixed probabilities, but rather to their upon, as with the older woman's innate romanticism and religious portraits, exert their powerful feeling, their spirituality—she imaginative bold for what they

### She began her own career when she was 49, and for the next 11 years bullied, hadgered and cajoled friends, family, and chance acquaintances to sit for her, putting them into whatever fancy dress was to hand and dragooning them into pose and tableeu. They, for the most part, were prepared to indulge what they saw as her eccentric practice with good enough if perhaps often self-conscious and awkward grace—and if it is hard not to sympathise with the

But the extraordinary thing is that even then, such is the artist's creative certainty, the potential disaster either does not happen or does not matter, the work enjoying that curious immunity of authentic art of all kinds (opera an obvious example) from immediate mundane circumstances and practicalities. From the mass of the work, through all the posturing and play-acting, comes some-thing altogether more poignant and profound: a sense of the artist pushing up to the tech-nical limitations of ber medium, taking chances yet never arbi-trarily and never losing control, to achieve ber particular vision.
The quality of ber deliberation
and decision moreover, enhanced no doubt by the lengthy the time. Invests even the most apparently simple and direct of her portrait studies with the intensity of feeling, the ardent sincerity so clear in the openly

It would seem, in fact, that the overt religiosity marks but s stage in her development as an artist, and that as it falls away, so her images achieve an altogether grander and more general humanity, to be seen most of all in the tranquil, enigmatic madonnas that are the portraits of the women of ber family — sister, nieces, grandehildren—a bead, a mass of hair, the cast of a shawl across a shoulder, and an infinitely clear, steady eye.

religious works.

'Photographs of Old France, "Photographs of Old France."
the Eugene Atget show that the
Arts Council bas brought to the
Serpentine Gallery in London
from the Museum of Modern
Art in New York (until March
25), is work superficially of a
very different kind; Atget himself a generation or two younger
that Mrs Cameron, his subjects
topographical and architectural
with but a few incidental with hot a few incidental figures, and his a more detached indeed remote creative pre-sence. But there is no sense of display, no romanticising or findging of his material. He accepted it all as it was, the tin can on the manure in the street, unsentimental perhaps but the stuff nevertheless of a poetie vision. For all their antique

# Jorge Bolet/Barbican Hall

### **Andrew Clements**

Chopin and Liszt were the major components of Mr Bolel's recital in the Barbican Hall on thought, but the clean, faintly cool lines of the first movement generated their own impressive weight, with each texture pre-cisely balanced. The remainder of the sonata was less special though never less than elegant and courteous; no special personal response appeared to be provoked to bring the music closer than arm's tength.

The impression of a stiff, welloccasional group teetering on the verge of the ludicrous Borcarotte. Mr Bolet's rubato is less finely tuned to Chopin than it is to Liszt: it is designed for articulating the flamboyant and the rhetorical, and when scaled down to inflect something essentially intimate, It sounds awkward. But in a sequence of Studies, drawn from both Op. 10 and Op. 25, any misgivings about the pianist's form were blown aside: remarkably sus-

paragraphs of the G minor Ballede were carved out led sunday, but he prefaced them directly to the manner of the with Beethoven, the Moonlight Lizzt which followed. Or at Sonata. Not very promising least to two of the works, for Bolet territory one might have Mr Bolet began with Benediction couched in the most lumpid, per fectly poised terms, its dynamic range most subtly controlled. As a group the Liszt items were not calculated to show the composer in his best light as a musical architect. After the bald conjunction of the sections in the Benediction came the extraordinary distorted sonata form of the B minor Ballede mannered neutrality persisted an exposition repeated a semi-through the opening piece in tone lower, a lengthy develop-the Chopin group, the and the cybled sequences of the 12th Hungarian Rhapsody.

The grandeur with which the

Yet such is this pianist's absolute absorption of the style and virtuoso demands of these works that the structural hiccoughs were taken in one's stride. Even the most severe technical challenge is never allowed to ruffle the immaculate surfaces, nor deflect the aim of the cunningly placed accents. Sheer bravura welded together tained, fluent passagework in the elements in the Rhapsody; the A flat Op 25 no 1 and F Chopin's E flat Nocturne from minor from the same set, a Op 9 provided a cooling, restorational transfer of the encore, spun on a tonal Op. 10 no 3, more glistening, thread evidently refined still clean surfaces in Op. 10 no 5 and the Winter Wind study.

# Read Concert/Festival Hall

### David Murray

Concerts for Children can boast a long history. This season is typical: eight concerts, not alt on the South Bank, with the Ernest Read Symphony Orcbestra (non-professional but very willing) and audiences of school groups and mostly middle-class parents and offspring. The musical mixture on Saturday morning followed a familiar recipe—a bit of group singing, and several short, picturesque orchestral pieces with a little pre-illustration by excerpts.

Worthy stuff. The young andience was not unduly restive. nor did it seem much gripped
— not even by a goodish
performance of the Dukas
Sorceter's Apprentice, which
most children know from
Disney-on-television. There was no sense of occasion (except, probably, among the school

Like the famous Robert noticed; at no time was special Mayer series, the Eroest Read attention given to any of them, (their strings tended, by the way, to shrink against wood-winds and brass). The conductor Howard Williams gave brief, eager introductions to their pieces, and Noel Long chatted avuncularly around the choral

The programme-book was evidently a labour of love, with drawings and jokes by and for small children, and simplified edult-style notes for bigger ones. It bad the same anxious breadth of aim as the performance, pitched sometimes above the heads of young listeners and sometimes beneath the dignity of older children. Nothing much got put logether before our eyes, so to speak — many a pop-music show on TV would convey a far sharper under-standing of what making music is actually like. I doubt that chornses brought in to per-form). Informally dressed, the "pictures" in classical orchestra arrived almost un-achieves anything usefut. urging children to bear "pictures" in classical music

### Adelaide Hall/Ritz **Antony Thorncroft**

as one of London's most famous

Fats, but there is no nostalgia institutions: it is something of about her. She is spritely and a shock to discover that another local institution is even older,

Her vocal range is inevitably local institution is even older, Adelaide Hall. The two come

a new cabaret spot in the Ritz's elegant dining room.

The Ritz has established itself Florida club, about Duke and

together on Wednesday nights lower register and can hold a in March as Miss Hall launches nole longer than most teenagers. a new cabaret spot in the Ritz's Her act is short in time but long a new cabaret spot in the Ritz's elegant dining room.

She is more than a curiosity, although much of her spell is her ability to quietly say, "I introduced this number when I was the star of the Blackbirds in 1928" and then sing "I can't give you anything but love."

She reminisces about the Her act is short in time but long in standards (although she slips in Ralph McTell's "Streets of London"; perheps this is a standard now), and is an imaginative choice to open this new venue—although perhaps what London needs Is not so much new cabaret spots as exciting artists to fill them.

# Classics at 1984 Chichester Festival

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The Chichester Festival 1984 Tony Geis and Ned Sherrin, and Tony Geis and Ned Sherrin, and the part of Kay Connaught will be played by Jane Carr.

The true classics begin with The Merchant of Venice on July 11. Alec Guinness is Shylock, Joanna McCallum Portia, and Jane Carr, back in her accustomed Shakespearean scene, Nerissa. Finally there is Congreve's The Way of the World.

B. A. Y.

# Zimerman/Festival Hall Max Loppert

feat Zimerman's performance of Spring kept together most was a marvel (the very of the way (unlike the Provarieties of staccato and legalic koflev), it was delivered in distribule larger impression was one in which all awareness of technique was effaced.

MAX LOPPERT

Arts Guide

**Opera and Ballet** 

LONDON

Royal Opera, Covent Garden: Peter Grimes, one of the most famous Royal Opera productions of recent years, returns with its original and most celebrated title role occupant,

The Vickers, and a conductor new to the opera, Bernard Haitink.

English National Opera, Coliseum: Cloriana an underrated Britten op-era to which the English National

Opera production has done s ster-ing service of revaluation, is re-vived with a new Elizabeth I. Serah

Walker, and a strong cast led by As-thony Rolle Johnson. Elizabeth Vanghan, Jean Rigby, and Norman Bailey, Mark Elder conducts. Also The Barbet of Seville, with Ann Murray and Reith Lewis rising

above the rather modest general

level; and Patience, the company's most accomplished operetts produc-

most accomplished operetts produc-tion, delightful to watch and listen

Maurice Rejort and the XXth Century Ballet: Messe Pour Le Temps Pubur,

expressing the anxiety, hope and fascination of the future. Palais des

speciacle Commedia dell'Arte to reu-sic by Riebard Stranss, Arnold Schoenberg, Edouard du Pay con-ducted by Michael Boder with choreography by George Balan-chine, Glen Tetley and Ivo Crammer respectively at the Opera Comique -Salla Payers (200.08.11)

respectively at the Opera Comque -Salle Pavart (2950511). Verdi's Jerusalem conducted by Dona-

to Renzetti in a new production by

Congres (266 2075). Spectacle Commedia dell'Arte to reu

On Sunday Krystian Zimerman
gave a faultiess and beautiful him, therefore, that a Sundayaccount of the Chopin F minor night-in-March Festival Hall
concerto. His particular perception of Chopin piano style is manic (and frequently successan extraordinary achievement, ful) determination to cough
for one so young, for he seems his playing into inaudibility,
to have divested his playing of and hard on all of us that the
all exterior showiness, to have Royal Philharmonic under Jacck
distilled the dance rivylwas the
Kasneryk should content them. distilled the dance rhythms, the Kaspryk should content themharmonic charms and selves with producing such 
piquancies of decoration to a slack and shapeless accompanikind of Chopin essence ment. The opening Lieutenant 
ravishing, rarefied, almost too 
fine to catch. As m executive 
pressive; and though The Rite 
first Timerman's performance.

Jean-Marie Simon, with Cecile Gas-dia as a splendid Heliene, Veriano Luchetti in the role of Gaston and Alain Fondary as the Count of Tou-louse alternates with ballet sven-ings: La Bayadere and Covent Gar-den's production of Tchatkovsky's Tempest, (choreography for both by Rudolf Nureyev) creation – Johann Strauss music, choreography by Ro-land Petit. Paris Opera (742 5758).

WEST GERMANY

Berlin, Dentsche Oper. The week starts with Tosca, sung to Italian. Pilar Lorenear does justice to the ti-tle role. Also on offer is Bernd Alois

Zimmermann's rarely played "Die Soldaten", produced by Hans Neu-enfels. Die Lustigen Weiber von Windsor has line interpretations by

Gustav Kuhn and Lucia Peacock in

the leading roles. The Magic Flute is a well done repertory performance.

Cologne, Opera: Elektra has Helga

Dernesch, Lisbeth Balsley and Gwy-

neth Jones in the leading roles, it is produced by August Everding and conducted by Gerd Albrecht.

NEW YORK

Metropolitan Opera (Opera House): Piero Faggioni's new productioo of Zandonai's Francesca da Rimini has

by James Levine with Renata Scotto

as Francesca and Placido Domingo

as Paolo. Not heard at the Met since

its first American production in

1916-17, it has sets by Ezio Frigerio

Music/Monday. Opera and Ballet/Tuesday. Theetre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-pears each Friday.

# John Shirley-Quirk/Wigmore Hall

Shirley Quirk undertook Quirk's delivery marks the self- with great insight. It was an temptation to indulge rich Schubert's cycle Die conscious intellectual, and occasion where experience, bass-notes was indiciously re- Winterreise on Saturday, with tames the overflowing feeling of intelligence and honesty compressed), every song illumination of the contract of t

Winterreise on Saturday, with tames the overflowing feeling of the Winterreise songs.

Winterreise on Saturday, with the producting such a pause in mid-journey but no interval, and with Martin Isepp of the voice, mature but light, often seven less impossing Lieutenant even less impossing Lieutenant together most inglike the Production such sough The Rite together most inglike the Productive states are robust soaring at climaxes), and the necessary transposition individually shaped, but undownward darkens the plane obtraively, and their developarts too. Quick vocal runs in the upper register were always blurred. Something in Shirley- with the same and benesty combined to make a deep impression beyood the affective powers of the waighted by discreet nuances. A list of his exactly-telling touches would be very long; high on in the way; the singing was in the wa

were, when and as they were.

# Georgsberg

Georgsberg, which warns against the danger of the country's ideological corruption by the mighty West German D-Mark, has been dumped after only three performances. Its author, Rainer Kerndl, ran foul of the Communist Party's extreme sensitivity over the growing importance of the D-Mark in East

tre with its caustic barbs against

the party's rule without interfer-

"Comrade Marx, what has hav-

pened to us?" the protagonist, a

young East German journalist, la-ments. He has discovered that e

popular inn is to be sold with the

plessing of the party to a West Ger-

man hotel chain which plans to con-

vert it into a luxury hotel exclusive-

ly for West German visitors. The newsman is irate over this triumph

of bard currency over socialist mor-

But a party official asks cynically:

"Do we have power in order to ex-

pose it to the whims of a majority?" When the journalist quotes Lenin

who said: "Pay attention to what

moves the people," he is told: "We

The local Communist newspaper

determine what moves the people."

ence from the people.

A new East German play,

and Tannaura. (599 9930). Harths Graham Dance Company (NY Harths Graham Dance Company (NY Harths Graham Dance Company (NY State Theater): A three-week season, includes the world premiere of The Germany. Herr Kerndl is the chief Rite Of Spring and New York predrama critic of the main party miere of Phaedra's Dream to insu-gurate a tribute year and new venue newspaper, Neues Deutschland, and vice-president of the writers' or the company. Lincoln Center His play had audiences gasping in East Berlin's Maxim Gorki Thea-

March 9-15

# WASHINGTON

and costumes by Franca Squarciapi-no. The week also features the first season performance of Abduction from the Seraglio and the last sea-sonal appearances of Don Giovanni and Tannhäuser. Lincoln Center 7520 0240.

New York City Ballet (Opera House): The Kennedy Center's dance season climaxes with the Washington visit of the New York City Ballet, which includes 17 works in six pro-grammes, including five local pre-mieres. Among ten Balanchine bal-lets and four by Jerome Robbins, the most recent work in the reper-twire is Robbins' Antique Epigraphs for eight female dancers set to two pieces by Debussy, which premiered at the recent winter season in New York. Kennedy Center (254 3770).

Milan Testro Alla Scala: Idomeneo conducted by Gianandrea Gavazze-ni with Margaret Marshall and Ugo Benelli. Romeo and Jubet - choreography by John Cranko, music by Prokofiev - scenery and costumes by Jurgen Rose (Paris Opera prowrites nothing about the planned sale of the inn for what is called "real money." This moves the gins when to fail to tell people what you intend to do. When we do not say anything, the enemy does." A waitress in the town sets fire to

the inn, e victory of the common good over a corrupt party.

trusted East German author to run up against the narrow confines of East Germany's Kulturpolitik. Helmut Sadowski, s writer who is in the party's central committee, has had several chapters slashed from his new book, which criticises East Germany's infatuation with all things Prussian, as well as a few other hallowed institutions.

Another of the party's favourites This was obviously too much for the economist and writer Jurgen the overseers of East German cul-ture who ordered the piece removed ship by an essay in which he lashes from the repertoire. As in the play, the East German press for glority-not a word has appeared in the ing instead of criticising, while the newspapers about the piece or its glorifiers believe they are good socialists." He says: "In reality they Rainer Kerndl is not the only are merely faint-hearted."

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# **FINANCIAL TIMES**

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday March 13 1984

# Argentina's debt crisis

under control.

For the first time since the crisis broke, U.S. banks which are collectively owed about \$99bn (£6.2bn) by Argentine borrowers now face the prospect of having to classify loans to major Latin American public to major Latin American public borrowers as "non-sector borrowers as "non

sheets.

This will burt their first quarter profits—by bow much will vary markedly from bank to hank—as they cannot count interest due on the affected loans as part of their gross earnings for the quarter.
U.S. banks bave elways strug-

gled hard to avoid such a development, fearing loss of confidence among both sbare-holders and depositors if their commitments to Latin America ever forced them to declare lower profits. Even now there might be a temptation for them to arrange some last-minute credit lines to Argentina that would allow the arrears to be reduced before March 31. Withou any agreement between Argentina and the International Monetary Fund such an approach would be a serious

### Precedent

Throughout the debt crisis the IMF has provided just about the only effective way for creditors to ensure good behaviour by their borowers. Argentina recently cancelled its previous agreement with the fund and the new government of President Raul Alfonsin has not so far established a replace-

ment programme.

At new talks today in New York leading creditor banks are expected to reaffirm the principle of no fresh credit without a signal from the fund.

To do otherwise would create a dangerous precedent that other debtors would quickly

seek to follow.

The price of missing the March 31 deadline is one which the U.S. banks can reasonably afford. Canadian banks whose fiscal year ends on January 31 already put Argentine loans on a non-performing without any noticeable loss of confidence

ARGENTINA'S REFUSAL to general panic when Mexico first use its growing pile of foreign stopped servicing its debt, is now better placed to cope with interest arrears on its foreign setbacks. And if uncertainty debt has disturbed the calm of a developing country debt crisis that until recently seemed well under control.

For the first time since the foreign stopped servicing its debt, is now better placed to cope with setbacks. And if uncertainty of uncertainty during the current profits, that might have the beneficial effect (for the debtors at least) of mitigation.

any change for better or worse in its policy towards its \$43.6bn foreign debt. Telks with the IMF are continuing and a fund mission is due in Buenos Aires

early next week.

These talks have, however, always been difficult. It would be bard for any government— especially one that is com-mitted to real wage increases to accept the degree of domestic restraint needed to curb inflation of over 400 per cent. The new government in Buenos Aires must first strike a bargain over wage restraint with trades unions whose support is far from certain. This has left its bank creditors fumbling in the dark about its ectual intentions. The consequence is a sense of impotence among creditors that has been greatly increased by

This is hardly e climate in which Argentina could expect to win major concessions from commercial bankers when it commercial bankers when it does sit down for serious talks on rescheduling. Many U.S. banks are bound to be resentful against a country that bas forced them to declare lower profits, and few will readily swallow demands for longer maturities and lower interest margins on rescheduled debt. In the past we have argued that Argentina does deserve that Argentina does deserve some concessions because its fledgling democracy is a vulner-

able one that needs to be nurtured by the West. That argument still bolds true today. It would serve no purpose for the IMF to demand a draconian austerity that would undermine support for the Radical govern-

gence by a borrower that demands credit and offers so security in return will hurt Its The financial system, as a long-term prospects as much as whole, which was prone to it hurts the banks.

# The art of the impossible

EVEN on the rumours of his example, chancellors claimed to tax-reforming proposals, the Chancellor is under back-bench fact, after allowing for inflation, and City pressure to trim or withdraw. It was left to the Opposition to try to exploit the tax on the dealing profits of the building societies; this was not an invasion of the Tory beartland. However, reports that the Chancellor might lay impious hands on tax allowances for contractual saving seem to have aroused greater alarm. This is already being portrayed as an attack on savings, a harsh measure which voters will not understand; the insurance companies themselves are reported to be muttering threats about future privatisation issues. As for the more distant rumours of any watering-down of mortgage tax relief—words almost fail. This is the politically impossible.

In other words, Mr Lawson faces the same shabby coalition of fear and special Interests which faces every Chancellor who dares even think about tax reform. There is nothing st all surprising about this; this is the permanent coalition which bas reduced the British tax system -and that of most other demo-cratic countries—to an illogical, cratic countries—to an illogical, distorting mess. In the cause of the politically possible, for example, Schedule A, the original tax against which mortgage interest was originally (and nightly) allowed, was left to wither away.

# Anomalies tackled

It was to keep voters sweet that some past Labour chan-cellors introduced epparently cellors introduced epparently punitive taxation with quite deliberate toopholes to protect the wealth creators. In this way the national system of high tax rates and high allowances has been bunk up, until cyarics can argue that since almost every identifiable group is protected—the children, the old, the house owners, the industrialists, the farmers, the financial intermediaries—the result is some kind of rough justice.

they were raising it. The Rooker-Wise amendment put a stop to that and there is no sign that voters object to being told the truth.

For years—usually in the cause of wage restraint—specific duties were allowed to fall behind inflation, so that in real terms we were paying more income tax to make harmful indulgences cheaper. Duties were indexed, again at little political cost. Even the more controversial shift from direct to indirect taxation, which actually was regressive, proved something of a political nine-day wonder. A Tory chancellor reintroduced the disallowance of consumer interest payments widely denounced when Mr Roy Jenkins first tok the same step, and the subject has never been

and the subject has never been raised again.

Faced with determination and political courage, the defenders of the status quo fall back on another argument: existing arrangements are reflected in existing asset prices, so somebody will suffer an "unjust" loss if they are changed. This underestimates the resilience of markets, just as the political arguments underestimate the intelligence of voters. Another reforming chancellor, Mr Selwyn Lloyd, was told that Mr Selwyn Lloyd, was told that his tax on short-term market gains would immobilise the markets. A realistic reader of this newspaper answered these arguments in one sentence: "Re speculative gains tax: how do I qualify?"

deliberate toopholes to protect the wealth creators. In this way the national system of high tax rates and high allowances has been built up, until cynics can argue that since almost every identifiable group is protected—the children, the old, the house owners, the industrialists, the farmers, the industrialists, and the undistorted play of market incentives. This should not be seen as political foolbacked by e Prime Minister who holds to the basic Conservative faith in fiscal neutrality, low taxes with low allowances (did Surrey rehel when company and the undistorted play of market incentives. This should not be seen as political foolbacked by e Prime Minister who holds to the basic Conservative faith in fiscal neutrality, low taxes with low allowances (did Surrey rehel when company and the undistorted play of market incentives. This should not be seen as political foolbacked by e Prime Minister who holds to the basic Conservative faith in fiscal neutrality, low taxes with low allowances (did Surrey rehel when company and the undistorted play of market incentives. This should not be seen as political foolbacked by e Prime Minister who holds to the basic Conservative faith in fiscal neutrality, low taxes with low allowances (did Surrey rehel when company and the undistorted play of market incentives. This should not be seen as political foolbacked by each and the undistorted play of market incentives. This should not be seen as We hope then, that we will

BRITAIN'S big four clear-lng banks have never had a reputation for being at the sharp end of the finance business. But all that seems to be changing,

to be changing.

In the space of only a month, three of them—Barclays, Nal-West and Midland—have staked their claims in the big City upbeaval by arranging links with stockbrokers and jobbers, and it would be most surprising if the fourth, Lloyds, did not act soon, if only to stay in a fast-moving game.

In fact, the clearers have been so aggressive that they have taken a clear lead over their traditionally more fleet-footed brethren, the merchant banks, If things work out as they hope, the clearers could end up dominating the City, with fingers in all the big financial pies. They can afford to, of course. The £100m-plus that Barclays' deal will cost is a tidy sum even for an institution with £60bn in assets and annual profits of over £500m. £60bn in assets and annual profits of over £500m.

The most a merchant bank has so far splaced out is the £40m that S. G. Warburg paid for its stake in Akroyd and Smithers, and that was reckoned

to be expensive.

But this does all suppose that
the clearers know what they are

All the deals are designed to get banks deeper into the securities business; buying end selling shares and bonds, making markets in them, bring-ing new issues to market and finding investors to take them up. But each bank bas gone

about it differently.

Bardeys' deal, unvelled yesterday, is by far the most ambitious since it combines de Zoete & Bevan, a stockbroker, and Wedd Durlacher, a johber, into a three-way partnership intended, in their words, "to form the core and basis for development of a powerful new international securities com-

pany..."
NatWest is tying up with Bisgood Bisbop, a market maker, because it believes the maker, because it believes the important thing, at least to begin with, is to be active at the heart of the market. But in the longer run, NatWest is certain to need a stockbroker as well to build up its investment clientele. Midland Bank, by conclientele. Midland Bank, by concl trast, is going for a stockbroker, W. Greenwell, to strengthen the distribution capacity of Samnel W. Greenwell, to strengthen the of profits.

Mr Andrew Buxton, general thing from the most sophisticated stock exchange deal to a subsidiary, which is already a big dealer in securities like Eurobonds.

Cial conglomerate able to arrange for its customers everything from the most sophisticated stock exchange deal to a subsidiary, which is already a big dealer in securities like Eurobonds.

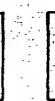
Cial conglomerate able to arrange for its customers everything from the most sophisticated stock exchange deal to a subsidiary, which is already a big dealer in securities like Eurobonds.

Cial conglomerate able to arrange for its customers everything from the most sophisticated stock exchange deal to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed with conglications interests: that will new partnership with its entrempted to a present thing from the most sophisticated stock exchange deal to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed with conglications arrange for its customers everything from the most sophisticated stock exchange deal to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed with conglications arrange for its customers everything from the most sophisticated stock exchange deal to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed with conglications arrange for its customers everything from the most sophisticated stock exchange deal to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed with conglications arrange for its customers everything from the most sophisticated that it is entrempted to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed with conglications arrange for its customers everything from the most sophisticated that it is entrempted to a bagful of 10p bits is appealing, of course. But it could also be criss-crossed. With conglication arrange for its customers everything from the most sophisticated that it is a co

BRITAIN'S FINANCIAL REVOLUTION









# Now the big banks steal a march

By David Lascelles, Banking Correspondent





At a press conference yesterday to announce a new link up: (left to right) Mr James Titcomb, senior partner of de Zoete and Bevan; Sir Timothy Bevan, chairman of Barclays; and Mr John Robertson, senior partner of Wedd Durlacher Mordannt

ferent business where risk is all part of the game, and the source cial conglomerate aine to arrange for its customers every-

What is revolutionary about into a branch, get e share price this is that banks, in the UK at quote on a screen at the tooch least, have traditionally only of a button, and place a buy brought depositors and borrowers together in lending trade securities through their

specially if they are based on the possibly illusory idea that simply because particular ser-vices bear the label "financial" they belong under the same

closely. member of the Barclays group, rather than be completely absorbed said Sir Timothy

the merchant banking sub-sidiary which describes itself as "an autonomous member" arrangement encouraged by the Bank of England which is keen that potential conflicts be con-tained by partitioning them off into separate subsidiaries,

The speed and reach of the clearing banks deals add extra urgency to issues of investor protection raised by the recent

protection raised by the recent Gower report which suggested that banks be immed together under a single self-regulatory umbrella, if possible.

Many people in the industry, though, believe that the vasily different businesses now covered by banks will require at least three one for clearing banks, another for merchant banking and a third for their stock exchange business.

Sir Timothy rejects fears that Barclays could develop an unhealthily close relationship with UK corporate clicitis. "You have to distinguish between boldings of shares and dealing in them We do not intend to become like a Germaniback with big holdings in ICI of Vickers."

or Vickers."

The idea of banks underwriting securities is actually forbidden by law in many continues, by the Glass-Steagail Act in the U.S. and similar laws in Canada and Japan All are, however, nuder ettack (see below) though early reform seems unlikely. The repeal of Glass-Steagail would open up big opportunities not just for U.S. banks but for ptecisely the kind of financial creatures the UK clearers are putting UK clearers are putting

UK clearers are putting together.
There will have to be an educational process, said Sir Timothy before all these developments can be properly judged.

What these deals have done What these deals have done, though, is put the UK securities indistry in a far smonger position to compete with enormously strong firms from the U.S. and Japan.

All but a fraction of the money Barclays pays for de Zoete's and Wedd's will go to beef up their capital. The other firms lanking up with clearers with also have the backing of some of the largest hanks in the world. the world.
"I have no doubt that I am

doing my patriotic duty," said one canker of the deal he is putting together.

Yestorday's facture on this page gave a wrong sterling equivalent for Ecus 25.4bn. The correct figure is £14.5bn.

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: Budget

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# AMERICA: HOW THE MARKET WALLS CAME TUMBLING DOWN

FIFTY-ONE years ago, amid the financial rulus of the great depression. Congress huilt what, antil recently, appeared to be an almost impenetrable dividing wall between the securities and banking industries. This wall was called the Glass-Steagail

Half a century later a sub-stantial section of the "wall" lies in rulus—assaulted from both sides by the major financial services companies in the competitive rush to broaden the range of products

they offer and provide the consumer with the opportunity for "one-step" financial products "shopping."

The assault has been led by established securities firms like Metrill Lynch, insurance

companies like Prudential Insurance, "non-banks" like Sears Roebuck and by the banks themselves. As a result the distinctions between the

U.S. banking and securities

industries have become creasingly blurred. A major element in this process has been the move

by many of the major U.S. money centre hanks—and an estimated 1,000 smaller hanks -into the discount brokerage Discount brokerage houses

buy and sell shares on behalf of clients in the same way as the major Wall Street brok-ing firms but provide a "no ing firms but provide a "no frills" service.

This rush into the brokerage business has been spawned primarily by competitive pressures and, in particular, the need to retain their rich or "high networth" customers in the face of menuting commentiates.

from Merrill Lynch and Two major West Coast U.S. hanking groups, Bankamerica and Security Pacific. have spearheaded the push into this discount brokerage busi-

The touchstone for the current debate on whether brokerage services are a proper business for the banks remains Bankamerica's acquisition last year of Charles

That acquisition led to a major—and for the banks favourable—change in interpretation by the Federal Reserve Board of the Glass-Stormil Let and to a train. Steagall Act—and to a string of law cases brought by the banks' rivals in the securities industry. These are now before the Supreme Court. The crucial loophole exploited by the banks in their acquisition of discount brokers is the wording of the banks from underwriting and distributing corporate securi-ties but which, subject to interpretation, allows them to buy and sell securities for their customers. Discount brokers de not underwrite

The BankAmerica acquisi-tion may be the boldest challenge to the act, but a number of other major banks have found other ways to expand their brokerage activi-

Security Pacific Bank, the tenth largest bank in the U.S., first formed an alliance with an existing discount broker, but has subsequently broker, but has subsequently dramatically expanded its brokerage business. Since 1978 the Los Angeles-based bank has opened 18 retail stockbroker offices in 10 states, bought three wholesale bond houses, acquired a 29.9 per cent stake in Heare Govett, one of the in Heare Covett, one of the UK's largest brokers, and formed a wholesale discount brokerage firm of its own, Security Pacific brokers, which provides discount brokerage services to 100,000 retail customers and offers its services to 150 other hanks

Last year Security Pacific brokers, through its sub-sidlary, Financial Clearing and Services Corpn, hought seats on the New York Stock Exchange and the Philadel-phia Exchange. Security Pacific and other

While Bank America, Security Pacific and other major U.S. banks like, Chase Manhattan and Marine Hidland have chosen used acquisitions to enter the securities industry, others like Citicorp have opted instead to offer brokerage services through links with existing brokers. Citicorp. for example, provides its customers with discount brokerage services through

About 10 per cent of Quick and Relliy's business now comes from banks, while Fidelity Brokerage Services, the Boston-based group which has perhaps been the most aggressive marketing its

services to banking groups;

deals on behalf of more than 500 banks.
Such is the growth of the banks' brokerage, business that some market researchers suggest discount brokerage operations at banks and thrifts (Savings and Loans and Credit Associations) could actually outpace the number of accounts at full-service brokerage houses by the year-

These massive structural changes in the industry do, however, face serious challenges. Aside from the Supreme Court hearing on the Supreme Court meaning the Schwab acquisition a mumber of regulators, including the Fed, have raised serious concerns about the rapid pace of overall banking product deregulation and the difficulty of interpreting the Glass-Steagall act.

Paul Taylor in New York

### Bevan finds old family ties

Since Silvanus Bevan joined James Barclay's bank in Lombard Street in 1767—he later became a partner—various branches of the Bevan family have labonred continuously in the City of London, mostly in banking and stockbroking.

Barclays Bank's intention to take a stake in de Zoete and Bevan, one of the London stock-broking top ten, means that old Bevan family links will be forged anew.

Sir Timothy Bevan, aged 56, executive chairman of Barclays and a descendent of Silvanus, is also related to the Bevans who joined with the de Zoets in 1970 to form the joint stockbroking firm.

Sir Timothy was a cousin ("second or third, we can't remember which," says another member of the tribe), of the late Col Johnny Bevan who was senior partner in de Zoete and Bevan until he died in the 1970s.

Johnny Bevan was once bead of Churchill's War Room. He is credited with thinking up the deception played on the Ger-mans which resulted in the mak-

mans which resulted in the making of the film "Tbe Man Who Never Was."

Family connections at de Zoete and Bevan run deep. Two of Johnny Bevan's greatneepbews now working for the firm as partners are Simon de Zoete, aged 42, and Nicholas de Zoete, aged 37.

Sir Timothy's immediate family has moved between banking and atockbroking with

Barclays Bank when 20 regional banking families merged to form Barclays in 1896.

Bevan, himself, is one of the banking purple—a member of one of the seven Barclays "interlocking" families which have held so many of the bank's top jobs down the years. Bevan was called to the Bar after Eton and the Guards. Then he foined Barclays and moved up

joined Barclays and moved up

# Men and Matters

quickly through the ranks.

But be has pointed out that
the markets side of City life
runs strong in his blood. His grandfather, father, brother, and one of his two sons, all chose stockbroking careers.

# **New Abbey habit**

"Marketing money isn't very different from marketing razor blades—you bave to be razor sharp," says Peter Birch, aged 46, the surprise choice for chief general manager of the Abbey National Building Society. What

National Building Society. What makes Birch's statement apt is that he is at present managing director of Gillette UK.

His appointment has surprised the City and bas disappointed boyes among more than a few people in the building society world. He was headly headly that we have the society world. beadhunted by Abbey from outside the movement, and eventually be was preferred over nine applicants from within the

de Zoete, aged 37.

Sir Timothy's immediate their role and moving into highly competitive financial service areas, and he knows a lot about competition after selling razor Bevan, became first chairman of what is now Barclays Bank when 20 regional banking families merged to societies are extending building societies are extending their role and moving into highly competitive financial service areas, and he knows a lot about competition after selling razor blades, razors, and ball-point pens.

Birch is a change from the traditional image of a building societies are extending their role and moving into highly competitive financial service areas are extending their role and moving into highly competitive financial service areas.

k razor blades, razors, and ballpoint pens.

Birch is a change from the
l traditional image of a building
society chief. He has an international background — after
National Service as a second
f lieutenant be joined Nestle, and
f lieutenant be joined Nestle, and
server and Malaysia. He has
worked for Gillette in Australia
and the Far East.
He will certainly be the only
building society chief, he says,

Goldsmith as Director General
of the Institute of Directors.

A formal decision has yet to
be taken by the IOD. But I
understand that Sir John, who
has made uncompromising
attacks on Whitehall and Westminster in the last couple of
years, is the only candidate left
in the field.

An announcement is expected
within the next couple of weeks.
Sir John's sharp criticism of
Government, and in particular,
his calls for more movement



"Had a good t lp from a Treasury chap—so I've put my deposit account and life insurance on the 2.15 at Cheltenham"

with an Australian son, a Malaysian son, and a New Zealand daughter. Sports? "I haven't much time but I do swim nearly every day." He has a pool in his Cobham garden which belps.

### Hoskyns tipped Sir John Hoskyns, former bead

of Mrs Thatcher's No 10 Policy Unit, is now the front runner to take over from Walter Goldsmith as Director General

between industry and White-hall, will no doubt ensure that the institute keeps the high profile it has achieved under the outspoken Goldsmith.

Appropriately, he chose the institute's annual dinner last September to deliver a key speech which suggested that MPs and ministers were in need of a shake-up as well as civil servants. On that occasion he used a

Appropriately, he chose

metaphor which seems worth recalling. "The possibility of change," he said, "lies in the bands of a small club." He was, of course, referring to Britain's political establish-ment. But perhaps there was a more literal interpretation which was lost on his listeners

# Flight plan

at the time.

Angela Ratcliffe, who was on duty at the British Airports Authority information desk at Gatwick, was approached by a worried driver clutching a piece

worked inver chaining a piece of paper.
Was there a flight from Berlin by Cafe Specific?
Tectfully she suggested be meet the flight from Bahrein by Cathay Pacific.

### Thought for **Budget Day**

. the rapacity and gree of the Government go beyond all limits. It is now actually proposing to place a tax on

Those with £100 to £105 a year are to pay a 1/40th part, and above £200, 1/10th.
"This is a vile Jacobin jumped up jack in the box office. impertinence. Is a true Briton imperimence. Is a true briton to bave no privacy? Are the fruits of his labour and toil to be picked over, farthing by farthing, by pimply minious of his partners of the property of the prop bureaucracy?

(From the diary of John Knyveton, a navel surgeon at the time Nelson won the Battle of the Nile. The entry is dated January 12 1799.)

Observer

# Cutty Sark Scotch Whisky



Quality without compromise.



EUROPEAN MONETARY SYSTEM

# An unsung story of success

By Anatole Kaletsky

TODAY IS the fifth anniversary between national rates of the Community's most inflation.

notable success story of the past Yet the refusal by governdecade - the European Monetary System, founded on March

erchant banking which describe autonomous and ment encouraged to tential conficts by partitioning the partition of the partit

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have to distance in them. We do to become like the first heigh holdings.

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An occasion which might bake spired some serious new thinking about the sort of macro-economic co-operation needed to improve the prospects for stable growth in each of the Community's member nations and simultaneously to strengthen Europe's position in the world trading system — will in fact pass almost unnoticed, even in Brussels. There Ministers and Sonocrats are inched in yet another battle over milk prices and budget targets in preparation for the European summit next week.

Superficially. It may be churlish to fault Europe's leaders. What is the point of long, rhetoric about monetary and macro-enonomic cooperation while sheep farmers are hijacking foreign meat lorries and the Community's budgetary. the Community's budgetary managers do not even know where they can turn for vital extra funds? Yet if Europe's leaders could be jolted out of the ruts in which they have been at the degree to which the macro-economic goals embodied in the EMS are today at least as important, and perhaps inberently more likely to succeed than attempts at micro-economic harmonisation.

The first five years of the EMS point to this conclusion. The practical experience of the past few years has now forced all the major European countries into broad agreement on the priorities of macro-conomic agreement of the priorities of the past of the priorities of the past of the pa mic policy—first to combat inflation and then to promote a modest growth of output, at a rate which will not threaten a new upsurge in prices or in eriernal deficits.

This agreement on objectives is now far closer than any consensus which Europe is ever likely to reach on farm policy; for the importance attached to preserving inefficient peasant agriculture, for instance, will always be far greater for France or Italy than for Britain. for Britain.

Such differences are not only inevitable, but also desirable, of its economic effects, not by since they embody Europe's rhetorical antecedents. These greatest: asset, its historical market judgments, in turn, are diversity. This can hardly be beginning to reflect back on the said about the differences politics of the EMS, in a mutu-

Yet the refusal by governments to recognise that the "loss of sovereignty" involved in co-ordinating macro-economic policies is largely illusory explace why the EMS is now strick in "a steady state and

the EMS as an institution is reflected in the relative stability which it has brought to Continental European ex-change rates (Britain, though formally an EMS member, has refused so far to join the Exchange Rate Mechanism, which is the whole system's raison d'etre). After seven currency realignments in the

now for nearly a year.

Although most foreign exchange traders still expect another realignment later this year involving a devaluation of the French franc, Belgian franc and lira against the D-mark and Dutch florin, few specula-tors are willing to stake their fortune on it.

fortune on it.

Even with the dollar falling and the D-mark appreciating in the past month, the French and Italian authorities have experienced no difficulty so far in the past month, the present the fortune of the past month, the past month of t in keeping their currencies within the EMS limits.

which would have created a European central bank and pushed the whole of Europe a step further towards genuine monetary union, with a single European currency circulating freely throughout the Continent, it is harder to ridicule such a possibility today than such 2 possibility today than it would have been five years ago. The system's failure to meet

regarded as a serious indictment, since this target was generally recognised as unrealistic. The greatest strength of the EMS today is that it is increasingly being judged a success by market operators, on the basis of its economic effects, not by rhetorical antecedents. These

unlikely to do anything spec-tacular in the near future," as one official puts it.
The gradual strengthening of first four years of existence, the system's parities have beld

Thus, although there are no prospects in the foreseeable future for a move towards the "second stage" of the EMS,

the target of progressing towards Stage Two within two years, rashly agreed by its founders in 1979, can hardly be

France \ COMPARED

NON-OIL COMMODITY) 750 DIL PRICES

ally-reinforcing process which arguable that the preservation make the system's survival—and of real exchange rates, which ultimate extension—more probdetermine a country's ability to able with each year that goes

As Dr David Lomax, chief economist of the National West-minster Bank, says about the system's inability to live up to the excessive hopes of some of its founding fathers: "It's like kind of real exchange rate a marriage—if you've been stability was bound to be assured in the long term by the market forces. be very different from your marriage vows, but by definition you are united." There are threa general criteria against which the

EMS'a performance so far is being judged:

 Pirst and foremost, there is the system's record in stabilising Europe's exchange rates. There can be no disputing that the continental currencies have, in a sense, represented the "zone of monetary stability" which the founders of the EMS were seeking. Relative fluctuations among the EMS currencies in the past five years have been much smaller than tha movements of the dollar, the pound or the yen. This has been particularly true of the real exchange rates, adjusted for different rates of inflation. Critics of the EMS have often

failed to bring inflation rates into line, say between Germany

ners, is the most important goal of an exchange rate system — and this, as the chart shows, the EMS has broadly achieved.

There are still many sceptics operation of market forces, even without a formal exchange system. Because the European countries do so much of their trade with one another (66 per cent of Germany's exports go to Europe as a whole, including non-EEC countries, instance), misalignments countries, for real exchange rates are bound

to be reversed eventually unless a country experiences permanent shift in Its industrial structure (as Britain arguably dld with North Sea oil, for instance). Indeed, it is true that even before the EMS Europe's exchange rates were more stable in Europe than elsewhere. Nevertheless, the experience of countries as varied as the UK. Switzerland and the U.S. suggests strongly that real exchange rates can get misaligned for extended periods and it seems fair to put the

was redundant on the critics. A second criterion of the

system's success is less easily satisfied, however. For it is oot good enough merely to preserve stable real exchange rates if inflation rales cootione to vary between the member countries, necessitating either large or frequent currency realignments. Indeed, it is arguable that the question of whether Europe is what economists call ao "optimal currency zone." which should ultimately gravitate towards a single currency, hinges oo the questioo of whether inflation rates can be

brought to a common level throughout the Cootinent. Until last year there was oo sign at all of this "conver-geoce" being achieved—indeed Europe's iofiation rates moved further apart in 1980 and 1981. since the oil crisis was met in Germany and the Netherlands with a tight fiscal and mooetary policy, while the French and Italian governments tried to expand their way out of the imminent worldwide recession. These opposing policies unques tionably marked a failure in tha

However, since late 1982, and particularly sioce the last EMS realignment on March 21, 1983. the French and Italian govern-ments have shifted to clearly restrictive policies and their inflation rates have begun to

rather vague commitments to

enshrined in the EMS agree-

omic co-ordination

slow, while their trade balances have improved sharply. Albeit in a negative way, this shift was the most notable achievement to date of the EMS frame work. Both Italian and Frenci governments stated explicitly that the need to stay within the EMS was a major consideration in their new policies.

On the other hand, the existence of EMS arrangements for mutual currency support was the foreign exchange markets seemed willing to give the new policies the beoefit of the doubt. They did not stoke up further inflation in the French and Italian economies by continuing to speculate against their currencies after the realignment last March.

The limitations of national sovereignty in macro-economic matters could not have been better illustrated than hy President Francois Mitterrand's untimely dash for growth, which culminated in last year's devaluation and austerity plan. But the growing understanding of this in Europe is accomwhich could ultimately give the European nations more influence over their ecocomic policies, provided they can act as a group.

This phenomeon is the third market indicator that the EMS is here to stay—the use of the European Currency Unit (Ecu) hy the private sector. The Ecu is now the third most important currency in the Eurobood market, with total bond issues of around Ecu 5.25bn (\$4.4bn) held hy private investors. Numerous banks, even in Britain, now offer Ecu accounts and the Italian Government, the Ecu's higgest official promoter, relieved several Ecu-

denominated investments from exchange cootrols, making them a sought-after form of savings But the greatest potential of the Ecu is still untapped. As the chart shows, the prices of com-modities and even oil show more stability when measured in Ecus then in dollars. The

dream of pricing world trade in Erus instead of dollars, and "decoupling" Europe from tha vagaries of U.S. monetary policies may seem far-fetched. But if Europe could gradually move towards even a partial monetary union, the Ecu as a world currency could make sound

# Lombard

# Gower in the real world

By Richard Lambert

which seems set to form the basis for widespread regulatory reform in the City of London. From Whitehall to Threadoeedle Street, just about everyone has approved the pro-

But is it possible that they are completely, utterly, 100 per cent mad?

It is true that the professor has had a wonderful press so far, but perhaps not always for the best of reasons. His heart is obviously in the right place, and he writes a great deal and he writes a great deal better than most journalists. What is more, he listens. He has taken great pains to adjust his recommendations to the criticisms that were made of his preliminary report, and as a result there is almost nothing to offend anyone in the final

Maybe it would have been better if he had raised a few hackles. As it is, he has pro-duced a review which looks completely rational oo paperhut which could just turn out to be a complete shambles in

consider the key players in his scenario. There is the Department of Trade and Industry which, to put it politely, has not always been the most fast moviog or astute of watchdogs in the financial sector. Its statutory duties will be considerably increased if be considerably increased if Gower has his way. There is the Council for the Securities Iodustry which, to put it impolitely, has been more or less a dead loss in the first five years of its existence. There is the Bank of England, which has a long tradition of sticking a dis-creet knife into any organisa-tion which challenges Its authority in the City. And then there are a dozen or more self-regulatory agencies, or SRA's as we must learn to call them. These agencies are to be the

front-line troops of the regulatory system as envisaged hy Gower. Their executives will have the duty to supervisa the behaviour of their members, and the authority to force them

But can you believe that they will really usa such powers? Maybe they will just be glorified trade associations, which will simply not put forward contro-

IVE just had this terrible versial rulings that might upset thought. It's about the Gower their members. And it will be review of investor protection, very awkward to put together a group which will be large enough to have some meaning and yet small enough to ensure that its members have some-thing in common with each other. An exampla of this difficulty is the Accepting Houses Committee, which looks like a homogenous group of blog bloods, but which takes in a wide raoge of sometimes con-flicting interests among its 16

> Picture the scene. In a panelled office off Lombard Street, the flinty-eyed director of the clearing banks' self-regulatory agency stares unwaveringly at a group of balf a dozen trembling executives. "National Midland," be barks, "your behaviour recently has been appalling. You are to be reported to the Council for the Securities Industry."

Screams of terror as the picture fades.

My Terrible Thought is that the Gower proposals involve such a disparate group of regulators, and such a wide range of agencies—one can imagine a merchant bank having to join four or five SRA's—that the whole thing will be unwork-

What are the weaknesses in the present system which this framework is meant to correct? is the disreputable behaviour of fringe investment management groups, which has largely resulted from the fact (Investments) Act is decades out of date. The other is the potential conflicts of interest in the City, which will intensify as traditional barriers between different financial institutions crumble and disappear during the next two years.

There are three ways of approaching these growing regulatory problems. One is to do nothing at all, which is unacceptable. Another is to set up a statutory agency, which still seems undesirable. The third is to go for some sensible compromise between the two extremes.

I don't know for certain that the Gower scheme is not sensible. But the more you think about it, the more wobbly

### The Budget and taxation

From Dr A. Berry. widely expected to propose changes which will reduce the tax advantages of investment and increase the tax advantages of employing labour. These proposals are made

against a background of high and rising unemployment, a de-cline in the competitiveness of the UK manufacturing sector, especially in naw high techno-logical products, and a lack of skilled manpower.
It seems that the proposals to

support the employment of labour will "bring into use" the relatively less skilled while inhibiting the technological advances which will keep the skilled in employment. It seems silly to actually inhibit capital

The proposals spear to stem from a "tinkering" mentality, which leads to the choice of more technology and less uncon-ployment. The UK economy needs both more investment in technology and less unemployment. It does not seem that a "money box " view of the economy is likely to address the (Dr) A. J. Berry

(Lecturer in Management Manchester Business School. Booth Street West, Manchester.

From Mr C. Estridge. Sir.—The leaks about tax reform have apparently left the interested parties aghast. For example, tax relief on life assurexample, the relief on life assur-ance premiums has been in force for nearly 100 years and yet its possible disappear-ance has met with no noted furore. The encouragement to save and provide protection for the family are the main reasons for this legislation. The idea that a reduction of general taxation will lead to the same spur to investment and protec-tion is ridiculous. All it will mean is a further inflow of Japanese videos. I urge the massive institutions built up by this generous and well-con-ceived relief to advertisa the sensible and humanitarian arguments for its retention. Boundary House,

7-17 Jewry Street, EC3. From Mr D. Booth Sir, The Furnish y Dawson decision may have greater logic than is being implied. Lord Demang, on tax avoid-ance, regarding liability under \$478 1 and CTA, observed in Phillips (supra) that what is

avoiding taxation.

To prove a negative after

# Letters to the Editor

sequence of events was begun,—see the Front Page of March 10—of the intention then it would seem that Denning was met, and Furniss v Dawson was not applicable. Think about it! Iny Cottage. Waterditch,

Bransgore, Christchurch, Hants. From Mr R. Berry.

Sir,-I would like to follow on from one of the comments in Mr Mainprice's letter (March 8) concerning Furniss v. Daw son. What exactly does the Revenue mean in that it will challenge any arrangement which is entered into purely for a fiscal purpose One of the first laws that I was taught at business school is that one goes into business,

not to make widgets, or plastic gnomes, but to make money. As this has purely a fiscal purpose, does this mean that we widgets and gnomes rather than money, and perhaps the Revenue would accept payment in kind? Richard Berry,

19 Novello Street, SW6. From Mr J Newman . .

Sir. — The question as to whether the controlled foreign corporations (CFC) proposals should be enacted is simple despite the complexity of the draft clauses and schedules. I hope to show this by a short example. If a UK incorporated and resident company invests film in the share capital of another UK incorporated and resident company then the fruits of that investment will be liable to UK taxation in the

normal manner, ie to corpora-tion tax on profits, PAYE meome tax and NIC on wages, VAT, etc. Alternatively, if the film investment is made in a wholly-owned foreign, ie non-resident company (called by the draft legislation a CFC) then no UK taxation will be payable on those fruits under current law unless the CFC remits a dividend to the UK corporate investor. All the CFC proposals do is to tax currently those fruits in the hands of the UK corporate investor. There are exemptions from

the charge to tax to cover bona fide overseas activities and eccount is taken of both foreign taxes suffered and distributions made to the UK corporate investor. My view is that the resultant CFC legislation (although it possesses defects) should be enacted so that an investment in the UK, as opposed to a foreign investment. does not have a tax dis-advantage as it does at present. The Government has a job to tackle—the UK unemployed.

The argument that this legislation might affect the UK's international competitiveness does not stand up to the fact that similar legislation has been in force for some years in the USA, Japan, West Germany and France.

John A. Newman,

11 Garrick Street, WC2.

Abolishing layers

of government From the Chairman, Finance and General Purpose Greater London Council

Sir,—In refusing to come clean and give actual figures of

savings to be achieved by Council and the metropolitan counties. Patrick Jenkin is demonstrating once again the financial mire arto which he is leading local government His loss of faith in his party's

own original estimate of savings the Government's case. If he had the slightest idea how much the savings, if any, were to be, he would lose no opportunity to trumpet it around. The fact that he does not means he cannot, and is never likely to be able to. Far from making savings there would be more expense in doing away with the authorities, as the GLC has said time and again.

The Government is intent on abelishing a tier of democratic local government, not the ser-vices carried out by that tier. The services themselves are to be handed over to a hotch-potch of quanges, boards and boroughs to make of them what they will. Only by throwing the haby out with the hathwater would Mr Jenkin's facile predictions of some savings some time

This baby—the services Lon-doners rely on to keep the capital going—is far too well developed and cherished to be allowed to alip down the plug-

John McDonnell. County Hall, SE1.

Opposition, Landon Borough of

Sir, - In your leading article (March 8) on the Government's proposals to abolish Greater London Council and the metro-

# Guaranteed prices for agriculture

From Mr P. Oppenheim, MP Sir.—Mr J. P. W. Haile, March 3, accuses me of muddled thinking for supporting a system of guaranteed prices for agriculture. In support of a system of world prices, he says that self-sufficiency is unneces sary in an era of efficient transport and that it would benefit developing countries to be able to supply Europe with

food. It might have escaped Mr Haile's notice, but most developing countries are not even able to feed themselves sagisfactorily. Ironically, one reason for this is the lack of systems of required is "the purpose he (the taxpayer) may have had The taxpayer must prove the negative," i.e., he was not bedding in subsistence farming leading to subsistence farming rather than productive agriculture. It would seem, therefore, that the main beneficiaries of the event is difficult. If however, HM inspector was in-formed, before the overseas any marked drop in European

agricultural production would | tries are invariably well fed. not be the Third World, but the U.S. which itself operates a far more costly guaranteed price structure than that of Europe. Mr Haile goes on to state that the rise in world prices caused by the reduction in EEC production would itself allow farmers to maintain output in

Europe. Again, he entirely misses the point of guaranteed price structures — they enable farmers to invest confidently by ironing out the worst of such unpredictable market fluctustions. I cannot think of any industry that could be efficient or productive without a reasonable knowledge of what the prices for its products would be over a period of a year. That is why all developed countries operate farm price support systems — it is no coincidence that consumers in such coun-

Mr Haile proffers a system of social support for small farmers to replace guaranteed price structures. Not only would this be incredibly difficult and expensive to operate, but it would also lack the benefit of ensuring reasonable production. It is also worth noting that the CAP currently does favour small farmers via the hill farmers regime.

The CAP is far from perfect and over production must be tackled, but I would suggest that a better way of trying to return some of the benefit of price support to the consumer would be to edopt deficiency payments systems wherever possible, as with the sheepmeat regime, and hy allowing the sale of intervention grain to the livestock sector for animal feed. Phillip Oppenheim. House of Commons, SW1

politan counties, you join the armchair critics and perfectionist academics who appear to want "the best" (some confused creation of their own minds) to destroy the good.

The good is the Government's determination to remove an unnecessary and expensive layer of government from our cities. Most functions go to boroughs and districts, a few go to joint boards, and in London only one permanent new joint board is created-to run the fire service. As an example of a "con-

fused creation" I would point to your own suggestion for mergers of inner London boroughs. While the Government proposes to remove the unnecessary and to give to the existing, you propose to give the GLC's functions to bodies not yet formed. A recipe for confusioo far worse than what you condemn.

You rightly say that the issues are complex. The vested interests, too, are strong. How wrong you are, then, to say that the Government has plenty of time to spare on this issue before the next General Election! There must be oo delay.

T. W. H. Eckersley. Town Hall, Peckham Road, SES.

# Comparative car

From the Director-Marketing, Ford Motor.

Sir,-In your report on fleet car comparisons (February 28) Interleasing claimed that Austin Rover's new model would be the most cost effective in the important 1.6 litre class. This is not so. Regrettably your table of figures excluded the class leader: the Ford Orion GL 1.5 4-door.

The Orion GL has established its low running costs in several months of actual experience in fleet car operations. The that even with the high specification GL model the monthly leasing cost for the Orion is £181 and annual petrol costs £1,030 giving an annual running cost of £3,450. At a cost per mile of 19.2 pence. The Orion GL is easily the lowest in the class compared with £3,536 and 19.6 pence for the next most competitive car.

Furthermore, since you pub-lished the Interleasing comparisons we have announced the introduction next month of the Orion L for which comparative fleet costs will be lower

W. E. Camplisson. Ford Motor Company, Brentwood, Essex.

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# FINANCIAL TIMES

Tuesday March 13 1984



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ROCARD AND FABIUS PRESS FOR INCREASE IN INVESTMENT

# Call to relax French deficit limit

BY DAVID HOUSEGO IN PARIS

SENIOR MEMBERS of the French Government are privately arguing for a widening of the budget deficit next year to allow room for increased public investment.

M Michel Rocard, the Agriculture Minister and leader of the social democrat faction within the Socialist party, is said by close followers to believe that cuts in public expenditure have gone far enough and that the Government should let the deficit next year go beyond the limit of 3 per cent of gross national product set by President François Mitterrand two years ago.

M Laurent Fabius, the Industry Minister and a close confidant of M Mitterrand, is also said to be arguing for a relaxation of the deficit

In contrast, M Jacques Delors, the Finance Minister, believes that any widening of the deficit would be interpreted by foreign exchange budget deficit comes from those in used for investment.

markets as a shift in economic poli- the Cabinet who fear that public incy. That might lead to a weakening of the franc.

The renewed pressures for some relaxation come when the Government is in the early stages of pre-paring the 1985 budget, which will determine the momentum of economic activity in the run-up to the 1986 legislative elections. The elec-tions are to be held in February or March of 1988.

They also coincide with fresh setbacks in the Left's popularity as measured by by-election results over the weekend; by the latest opinion polls, which show that the number of those satisfied with President Mitterrand has dropped to 32 per cent, and by the strike last week hy public employees, including many supporters of the Govern-

At the same time, President Mitterrand's promise last September to cut tax and social security payments next year by 1 per cent of GNP - equivalent to FFr 40bn (\$5bn) - implies further cuts in expenditure unless the ceiling on the deficit is relaxed.

were among the early advocates of "rigour" in 1982, see no adverse conviding that the additional funds are

M Rocard and his followers, who

the Cabinet who fear that public investment might be further by President Mitterrand to balt the squeezed next year on the basis of rapid growth of current expenditure current policies. That is because which was worsening the trade defwhich was worsening the trade defvirtually automatic increases in left by encouraging imports. The debt service charges and social sebudget deficit amounted to FFr curity payments will absorb an increasing proportion of expenditure rise to FFr 125bn this year on offi-that will remain stagnant in real cial forecasts.

Before making his final 1985 bud-

get recommendations, M. Delors wants to wait another month or two to see what additional boost the French economy gets from the pick-

the fall in the dollar.

Any relaxation of the deficit
would be welcomed within the Socialist party. Speaking for the ex-treme Left at a meeting of the par-ty's ruling committee at the weekend, M André Laignel, a member of sequences from enlarging the defi- the national secretariat, said policit beyond the 3 per cent limit, pro- cies from the autumn should be shifted towards an expansion o productive investment.

# State gives Fokker Fl 800m loan boost

EFFORTS BY Fokker, the Dutch view to obtaining the financial paraerospace group, to assure its fu-ture as a mass producer of civil air-giants as Mitsuhishi. Results of that craft were given important impetus visit should be known in the auyesterday when the Cabinet in the tumn. Hague promised long-term loans to-talling FI 800m (\$275.8m).

The money will be used to develop the Fokker 50 and the Fokker 100, intended successors to the highly successful F27 and F28,

It is not yet certain how Fokker will raise the remaining FI 200m required to complete the initial develcoment phase for the new designs. but Japanese industry may assist.

Mr Frans Swarttouw, chairman tion to Japan last month with a government support was not unex- future be paid royalties by Fokker for 100 Tay units.

Fokker's 1983 results will not be

published until next month, but it is believed that the group will record Fl 10m net profit, against a Fl 10.5m loss for 1982. The company could, therefore,

expect to raise cash with reasonable ease on the capital markets or through bank loans. It might prefer the Japanese option as a means of securing money cheaply and, more importantly, of engaging the national interest of the world's second-largest economy.

Yesterday's announcement of

pected, having been envisaged at on the sale of all Fokker 50s and the launch of the Fokker 50 and 100s. Fokker 100 last November. Both the amount and the willingness of the Government to come forward in good time will however, have but

fresb heart into the latest dual pro-

The exact extent and conditions of the loan will not be known until a letter is sent to parliament. Mr Gijs van Aardenne, the economics minister, said on the radio yesterday that around FI 800m was involved

"over a number of years." Mr Van Ardenne added that the money would come from the "rotating successor to the F28, and will be ing budget" of the Dutch Institute fitted with two Rolls-Royce Tay ening budget of the Dutch Institute for Aerospace and Space Develop-ment (NIVR), which would in the

Swissair, the Swiss national air line, has expressed considerable in-terest in the Fokker 100, while air lines in Australia and New Zealand are said to be impressed by the design of both new aircraft. Japanese interest has also been expressed.

The Fokker 50, to be powered by two Pratt and Whitney 124 turboprop engines using six-blade propel-lors, will replace the F27 short-haul

The larger Fokker 100 is seen as medium-range, medium-capacity gines. The UK engineering group has received an order from Fokker

# BAe seeks extra funds for fighter

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

THE UK Government is consider- tribution from BAe and 40 per cent many and Italy - to try to harmoing a request from British Aero- from MBB, the West German aerospace (BAe) for additional finance for an experimental military aircraft programme designed to produce a prototype new fighter by

BAe bas asked the Ministry of Defence for an additional £15m hy 1986. (\$21.9m) in addition to the £65m negotiated last year for the pro-gramme. The move follows a decibig orders for a new fighter for the The a sion by West Germany to cut its fi- 1990s from the three air forces. nancial involvement in the project drastically.

The experimental aircraft pro-

Salzgitter and

Hoesch in East

space company, with Aeritalia providing 20 per cent. The three companies, already partners in the

"technology demonstrator" fighters

Tornado project, agreed to finance September set in train a pro-yesterday were unwilling to com-the building of two experimental gramme of collaboration under ment on reports that MBB was unwhich the five air force chiefs der instructions from the West Geragreed to a common "staff target", man Government to withdraw, It was boped that the three-na- or outline requirement, for a new

five countries are discussing that type fighter and the rival French Finance for the BAe-led pro- requirement, as well as the key is- ACX programme, which is also to gramme has been affected by the sue of potential work-sharing for-produce a single demonstrator subsequent decision of five Euro-mulae, in advance of a second min-fighter by 1986. Both programmes gramme (EAP), as negotiated in pean countries - France and Spain, isterial meeting planned for Madrid are thought to be costing over 1983, provided for a 40 per cent cou- in addition to Britain, West Ger- in May.

it is understood that, in the light nise their requirements for such a of such wider European collaboration, MBB has brought its involve Defence ministers of the five gov- ment with the programme almost to ernments at a meeting in Paris last a halt. Company officials in Munich

The principal reason is said to be Bonn's anxiety to avoid choosing at The aerospace industries of the this early stage between the proto-

German deal By Leslie Colitt in Berlin

THE West German steel companies Salzgitter-Peine and Hoesch signed a DM 300m (\$117m) agreement with East Germany to process East German steel into rolled steel over a period of five years.

Count Otto Lambsdorff, the West German economics minister, held talks in Leipzig with East Ger-many's economics chief. Herr Günter Mittag, in which both sides agreed that a forthcoming deal between Volkswagen and East Germany could serve as a model for future co-operation between companies in the two countries.

Volkswagen is to deliver a production line to produce car engines to East Germany as well as 10,000 light delivery vans. East Germany will supply VW with engines from the new line in addition to providing its own cars with badly needed water cooled engines.

Count Lambsdorff said Herr Mittag indicated to him that East Germany will resume importing plant and equipment from the West and that West Germany stands a good chance of getting orders. Herr Mittag is to have talks with Chancellor Helmut Kohl in Bonn in early April. has a partners and a total of 380

# Mexican bank sale welcomed

MEXICO'S PRIVATE sector has given a cautious welcome to the government decision, announced late on Friday, to sell off the majority of its holdings in companies na-tionalised when the banks which own them were expropriated in

September 1982.
Of the 483 companies affected by the nationalisation, bank shareholdings in 339 will be sold off, the banks will retain their interest in 128 and the balance has since been liquidated. The companies being retained by the banks are largely real estate companies which own bank buildings, and credit analysis and credit card subsidiaries.

But the main financial services and mutual funds - are to be returned to private ownership. This

Spokesmen for the four main em- stake. ployers' organisations have initially greeted the decision to return the

The basic mechanism for the subsidiaries of the banks - includ- handover will be exchange of Bank ing brokerage houses, insurance, Indemnity Bonds - issued as comleasing and bonding companies, pensation to shareholders of the expropriated banks - for shares in the companies. Bond bolders will have makes possible the emergence of a first option for two months on those parallel capital market in competi-tion with the state banking system. in which they formally held their

Then, for one month, all bond holassets as an important step towards ders will have equal access to any restoring the battered confidence of bank held asset. After that any ders will have equal access to any the private sector, but are withhold-ing final judgment until the full the general public through the details of how the sell-off will be stock market, and possibly to the

### Barclays agrees stock market links Continued from Page !

ceived ideas, and be preferred to "stay flexible."

Three partners to the venture came together after they discovered they had all been putting out feelers separately to each other. Bar-

clays did not originally intend to put together a three-way deal Discussions had been going on since

staff, said that his firm and Wedd link and yesterday the jobber said: "share a lot of views particularly about the future of single capacity in London which we both feel will end. We get on very well with each

Wedd Durlacher has over 400 staff including 55 partners. Wedd the summer of 1985. Durlacher's link with Barclays Mr Gordon Peppe means that four of the five leading market makers have now established links with outside interests. Only Pinchin, Denny has yet to form a ner." thought about this a great deal, and Samuel Montagu is the right partner."

"We cannot be the only one left out in the cold."

The rule is expected to be relaxed and yesterday Mr Robertson said he expected that Barclays would acquire its 75 per cent holding in

Mr Gordon Pepper, senior part-ner of Greenwells, said: "We have

# Goldsmith group nets \$50m on share deal

By Terry Dodsworth in New York

SIR James Goldsmith, the UK financier and industrialist, has cleared about \$50m profit for himself and a group of investors with the sale of an 8.6 per cent stake in St Regis, the U.S. paper and forest products group.

The 3.96m shares owned by the investment group, which included interests connected with Charterbouse J. Rothschild of the UK, have been bought back by St Regis at \$52 a share - a premium of about 30 per cent on the Friday's market price of

In an earlier filing with the Securities and Exchange Com-mission, which regulates the U.S. securities industry, Sir James and his associates said they pired their stake at between \$33.50 and \$38 a share. Over the past three years; St Regis shares have never traded higher than \$42%, and during the 1982 recession they fell to \$17%.

Since the investment group be-gan acquiring its stake, St Regis's shares have risen steadily on hid hopes, with speculation that Sir James might be interested in repeating his successful acquisition of Diamond International, a New York-based packaging and lumber group, last

In talks with St Regis late last month, however, Sir James is believed to have reached a preliminary agreement on limiting future share acquisitions. announcement

said that the investment group had agreed not to "further purchase or own any securities of St

# 'No block' on Wheeling deal with Nisshin

By Our New York

WHEELING-PITTSBURGH, the U.S. steel company, has been giv-en a strong indication that its proposed sale of a 10 per cent stake to Nisshin Steel of Japan will not be opposed by the anti-trust authorities in Washington. The Federal Trade Commis-

A wheeling-Pittsburgh lawyer said that the FTC decision suggested that the agency would find no difficulties with the agree-

The FTC's move was taken yesterday as a sign that the antitrost authorities had moved towards a more accommodating stance on foreign acquisitions in the U.S.

# sion, one of the two regulatory bodies responsible for anti-trust enforcement, said yesterday that it had granted early termination to the waiting period normally required after substantial share purchases to allow opposition to

Steel has traditionally been a sensitive area in anti-trust regulation, and there have been suggestions that foreign incursions into this area might be hampered

# Plaudits but few pledges for EMS

World Weather

Continued from Page 1

official foreign currency status. Without it, the Ecu cannot be used as a vehicle for raising loans in Ger-

presented today, prevented London ance services. They agreed to set up sentative. But there is still no significant pressure from other capitals, except Dublin, for sterling to join the EMS, according to officials.

a graph of sential to examine West tility edversely affects the volume significant pressure from other capitals, except Dublin, for sterling to join the EMS, according to officials.

a graph of sential store and in the directive developed that extrangerate volumes in the directive developed that extrangerate v The British Treasury, while publicly subscribing to yesterday's dec-laration, has within it scepticism most reluctant to liberalise insur-

within the foreseeable future.

The ministers injected a note of urgency into the discussion on the Commission's five-year-old draft dimany. rective which aims for a genuine
The UK hudget, which will be common market for non-life insurfrom sending a ministerial repre- a group of senior officials from na- id evidence that exchange-rate vola-

But France may be shaping up to about the actual value and achieve-ments of the system, and has no discernible interest in joining it review all problems raised so far in the protracted negotiations, before ic activity."

reporting to a ministerial meeting AP-DJ reports from Geneva The International Monetary Fund (IMF), in a report that might have implications for national monetar and trade policies, bas found no sol

tion, acknowledged that exchangerate variations created business un certainty and said its conclusion "might seem surprising in view of the widely accepted proposition that uncertainty is bad for economTHE LEX COLUMN

# The clearers take stock

The City of London register office was not quite prepared for the sud-den arrival of Barclays and Midland, the UK banks, yesterday and all parties concerned looked a little flustered at having to arrange the ceremony before notices had been formally placed in the papers.

Details of the honeymoon were a little sketchy and the small matter of the dowry was discreetly avoided in each instance, but it looks on first sight as if the two UK clearing banks have found partners which suit their individual needs.

Of the two, the Barclays deal is the more ambitious and arguably the more imaginative. The bank evidently envisages the development of a significantly international securities organisation - with a U.S. component added if the rules allow - and has presumably paid beavily for its admission to the in-

Midland transaction, The through Samuel Montagu, may looka sight less attractive if the Chan-cellor picks on the gilt-edged mar-ket for special treatment in his budget to-day, but Greenwell should on the face of it fit better with Montago than with the merchant banking subsidiary of any other clearing bank.

The main challenge facing Barclays is to find a management ap-proach to its new business which recognises the substantial risks inherent in market-making and, if it goes that route, in block trading, while allowing sufficient freedom and incentive for De Zoete and Wedd, Durlacher to develop their The clearers have not always

shown themselves to be exception-ally agile and the history of merg-ers in stockbroking suggests that De Zoete and Wedd themselves may have some teething problems, but it looks right on balance for Barclays to run the risk. It is, however, unfortunate that. Barclays was as vague yesterday on the question of investor protection as it was on its overall strategy.

nothing and a glance towards the Continent illustrates the pitfalls, as well as the benefits, of the universal bank principle. It is also unclear how Barclays' corporate clients will take to using the same organisation as a source of debt and provider of equity capital, which must be the logical exten-sion of the deal. Barclays will pre-sumably want to accommodate ET. 30-Share around Budget Day

finance - under the securities roof W. Greenwell has rightly been earmarked as one of the Stock Exchange partnerships most vulner-Montagu is therefore taking a good. deal on trust by investing in a giltedged specialist at this stage of the game. It presumably neckors, how-ever, that the business should dove tail nicely with its own organisation, which has developed a medium-term lending expertise and can call on market-makers in house. The prominence of clearing banks in the present wave of deals

may suggest that Stock Exchange members are diving fur safe boit-holes rather than taking the riskier route of linking up with the less well-capitalised but more nimble: merchant banks, to form groupings along the U.S. investment banking model. But the party is not over yet and announcements from Lloyds, Morgan Grenfell, Cazenove et al are awaited with interest.

Separate divisional trading prof-

its were disclosed for the first time yesterday as IMI announced pretax profits up from £21.5m to £31.6m. Each of its seven different classes of business has performed ley's reserves of aggregates of in its slightly better than expectations and stock profits included at the pre-tax level have followed shift by contributing a swing of nearly \$2m ors; however, the fear of another classes of business has performed contributing a swing of nearly 12m - but the chief interest of the breakdown bes elsewhere. It underlines how much IMI has done to reshape itself through four years of recession and £20m of above the line reorganisation costs - while also indicating, perhaps, how much more IMI can still hope to benefit from cyclical recovery.

parts of its own merchant banking ic engineering and its flourishing be a bit stim."

subsidiary in the U.S. now repre sent three key businesses which have contributed 55 per cent of 1983's trading profits though only a quarter of turnover. Demand has apparently begun to grow significantly in these areas over recent months: Heavy retionalisation meanwhile; has also improved margins in IMI's other activities but real gains here remain dependent

real gains here remain dependent on the group's environment.

Pre-tax profits for 1984 should reach at least 130m. Assuming an actual tax rate of 37 per cent as stated for 1983 and a restoration of the dividend to its 1981 level IMPs shares now stand at a multiple of less than 10 times earnings while yielding over 8 per cent. That ought to be some comfort to shareholders still awaiting news of stronger de-mand for titanium

### Steetley

There has been no slopping the Steelley stare price since Her-worth Ceramic made its delicately timed and subsequently blocked takeover pitch last year. At that time Steelley was all too elearly ripe for plucking profit forecasts in shreds and the dividend had been unexpectedly cut. The hardest work, however, in terms of trimming and re-aligning Specifey's production was already far enough dvanced to make it evident that interest savings and loss eliminations were in the pipeline for 1983 - an assumption which is now vindical-

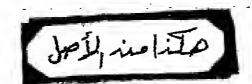
pre-tax profits to £23.2m. At 295p, up 17p yesterday after a dividend increase which just en-ables Steelley to top the amount paid in 1981 - with rather more cover - the shares stand far out of reach of a company of Hepworth's reach of a company of hepworth's resources. Yet the last 400 or so has accrued since Hepworth's offer fell under the official hammer last month, suggesting that other bidders might be interested in Steet-

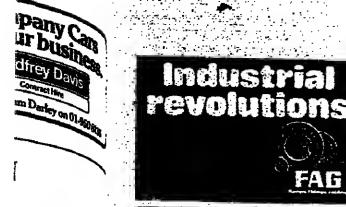
ed by a near 150 per cent jump in

reference to the Monopolies and Mergers Commission may be a de-terrent. For others, it might appear that a bid would come too near the cyclical peak. In its own right, Steetley is prob-

ably capable of £28m before tax this year - for a prospective multiple on current tex of about 10, but from this lofty platform the chances of a Special purpose valves, pneumat- further take off in the shares must







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# SECTION II - INTERNATIONAL COMPANIES

# FINANCIALTIMES

Tuesday March 13 1984



# Akzo plans major rights issue as profits rise sharply

rights issue are also mentioned as

having a potentially negative effect

on net earnings. Even so, Akzo still sees net income per share being maintained at least at the 1983 level of Fl 89.5 and looks ahead to the full benefit of cost-cutting measures carried through in the U.S. in re-

Provisions have been set this time at Fl 1.5bn - slightly more

than for 1982 - indicating the con-

Interest charges on borrowing

rose from Fl 297m to Fl 340m, while

tax on operating profit went up from Fl 28m to Fl 73m.

Sectorally, chemicals products did best, with sales rising from Fl

3.8bn to Fl 4.1bn. Fibres, coatings,

consumer products, pharmaceuti-cals and miscellaneous products all

did well, showing growth of be-tween 5 and 10 per cent over 1982.

protest, and it was worried that the turmoil might have damaged the

A Bill proposing the share issue

was cleared by the finance commit-tee of the Riksdag, the Swedish parliament, yesterday, and it should come before the full parlia-

ment on March 22. The issue is like-

ly to be priced in May or June, with

the new shares being registered in

The bank's nominal equity capital is to be raised by SKr 116m to SKr

750m, and PKbanken is planning to issue the shares - nominal price

SKr 25 a share - at a price of SKr

100 to SKr 120 a share.

those for 1982.

The Netherlands home base

tioning cost of reorganisation.

BY WALTER ELLIS IN AMSTERDAM

AKZO, the Dutch Chemicals giant, is celebrating its strong return to growth - net profit for 1963 up 160 but the signs today are of a dollar per cent to F 428m (\$147.1m) - with a one-for-10 rights issue intended to räise F1 310m.

change rate fluctuations. These benefited Akzo by F1 31m last year, but the signs today are of a dollar decline. The exercise of 1963-84 warrants still outstanding and the räise F1 310m.

raise FI 310m.

Operating income rose last year by 71 per cent over 1982, to FI 843m. on sales up ? per cent, at just over FI 15bn.

On the Amsterdam Stock Excharge yesterday evening. Akzo's share price fell on profit-taking, to around FI-100 from the previous close of FI 106.80. The rights issue offer price of FI 93 should still provide investors with a substantial oremium, however.

Dividend for the year has been proposed at FI 4 per FI 20 nominal share, up from FI 1.60 in 1982, FI 1 has already been paid.

Yesterday's results were not unexpected. They confirm a trend which had been evident throughout 1983. The sharp improvement in the U.S. economy, restructuring of the important man made fibres division and a recovery in chemicals gen-erally around the world all made

Akzo's board described the resuits as "spectacular." A year ago, with fibres in disarray and the glo-bal recession at its nadir, morale at Akzo's Arnhem headquarters was low. The turnround since has been remarkable, and has been much re-

marked on throughout the industry. For 1984, Alexo expects a further rise in earnings. This expectation is based on the positive development of the U.S. economy and the signs of an apparent in West-

em Europe..... the year to FI 10.8hn - up from FI
The company does, however, is 10hn - and group equity was up
sue a word of caution about ex- from FI 2.6hn to FI 3.1hn.

its plans for the partial privatisa-

The share issue was originally

announced last November but the Government was forced to postpone

its plans as a result of the so-called

Mr Ove Rainer, a former member

of the PKbanken board, resigned last November as Justice Minister

in the scandal surrounding his per-

sonal income tax affairs and in par-

ticular a number of large loans granted to him during his time as a

Last December the Government

board member of the bank.

State set to reduce

stake in PKbanken

country's largest financial institu- the share issue.

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Coverament is to en, a step that prompted the resig-press shead later this bouth with nation of nearly half the board in

commercial bank and one of the- bank's reputation in the run-up to

The new share issue aimed at raising SKr 450m to SKr 500m Swedish co-operative movement, (\$65m) in new equity will reduce the state's holding in PKbanken to just and the Government revived the

under 85 per cent. The group had to share issue after the publication of tal assets of SKr 123.3bn at the end record profit figures for the bank

August.

Suspense over final approval of ERT rescue

THE 126 bank creditors of Union Spain's leading private sector chemical group, are due to meet in Madrid tomorrow to approve a long-awaited rescue plan in an atmosphere of considerable suspense about whether a small

group of dissenting banks will undermine the agreement. The meeting has been called after 18 months of tough negotiations following the group's deci-sion to suspend repayment of debts amounting to about \$1bn.

The latest in a series of draft agreements, based nn proposals put forward by Sr Jose Maria Escondrillas, whom the Socialist Government installed as charman of ERT last year, stipulates that the holders of 97 per cent or more of the total debt must

A company spokesman said yesterday that "absolutely certain" agreement had been ob-tained from the holders of 92 or 93 per cent of the debt and that it was hoped the threshold level would be reached on Wednesday.
The 14 members of the steer-

showed the biggest growth in sales hy region, increasing from FI 4.5bn ing committee representing for-eign and Spanish creditor banks are understood to have endorsed to Fl 5.1bn. Operating income in Holland went up from Fl 75m to Fl the proposed agreement, with the exception of Banco Interna-In the U.S., growth was also marked. Sales moved up to Fl cional de Comercio, part of the Spanish Banco Central group, which accounts for about 3.5 per 3.46bn from Fl 3bn while operation income switched from a loss of Fl cent of ERT's unpaid debt. 24m to a positive Fl 123m. Sales

Several other small creditors have also stood out against the agreement, although this lays down that dissenting creditors may not receive better terms than the signature. elsewbere were generally similar to Akzo's total assets rose during the year to Fl 10.8bn - up from Fl than the signatories.

The proposals, which include a Pta 35bn (\$235.2m) divestiture programme, repayment of about two-thirds of the debt over four years and the issue of new "par-ticipative credits" and preference shares in compensation for inter-est owed and for exchange losses, has been adjusted to take ac-count of some of the dissenting banks' main objections.

# Agricultural products aid John Labatt

By Our Financial Staff JOHN LABATT, the large Cana-

dian brewer controlled by Bras-can, the Toronto holding compa-ny of the Peter and Edward Broniman group, boosted operat-ing net earnings for the nine months ended January 31 to C\$66m (U.S.\$525m) or C\$1.83 a share on a diluted basis.

The result compares with profits of CS56.5m or C\$1.76 a share last time, when there was also a CS3.5m loss from the sale of the Laura Secord confectionery unit to Rowntree Mackintosh of the UK. Revenues for the latest peri-

od were not given.

Labott said the earnings improvement came mainly from agricultural products and packaged

William Hall reports from New York on the latest merger in the oil industry Superior reserves tempt Mobil

pendeot oil and gas producer in the U.S. has been up for sale for several months so Mobil's \$5.7hn bid did not come as o complete surprise. Nonetheless, the deal, if it goes through, will be the fifth biggest merger in the oil industry and is further evidence of the major res-

tructuring now under way.

Compared with Socal's \$13.2bn bid for Gulf Corporation and Texaco's \$10.1bn offer for Getty Oil, Mobil's \$45 a share offer for Superior is more easily digestible. Superior's 1983 revenues totalled \$1.8bn, compared with Mobil's \$58.5bn and its workforce of 6,400 is a fraction of

For Mobil, whose president is Mr William P. Tavoulareas, the business of integrating Superior into its organisation should not result in the same sort of upheavals which Texaco and Socal potentially face with their respective purchases. In addition, Superior, unlike many other prime takeover candidates, has no marketing or refining operations of its own so there shoold be no obvious antitrust difficulties. Superior accounts for less than I per cent of U.S. production and Mobil

less than 3 per cent. Nevertheless, the Houston-based Superior is a very attractive prize. In an industry which is dominated by companies producing roughly

DRILLING RESERVE REPLACE. MENT BY U.S. OIL COMPANIES'

Chart expresses new oil and gas reserves lound through drilling as percentage of oil and gas produced.
Source Tenneco

increased its domestic oil and gas reserves by 12 per cent - a domestic reserve replacement ratio of 1.5 to

Founded in 1921 by Mr William Keck, Superior's growth was built on oil discoveries in Texas and Louisiana. In 1937 it discovered the first twice as much oil as they are finding. Superior stands out as the major exception. Last year, Superior of the Gulf of Mexico – the jor exception. Last year, Superior of the Superior op-

erates more than 60 platforms in ment on his side Mr Howard Keck

Although its U.S. crude oil production of 41,000 barrels a day is only 12 per cent of Mobil's production. its U.S. natural gas production of with Mobil's 1.506bn last year. in terms of its domestic reserve replacement record over the last five vears. Superior comes out top. It is also one of the cheapest producers of oil in the U.S. and its cost of finding domestic oil (\$10.33 per barrel on average over the last five years) also puts it among the top U.S. com-

With a record like this, Superior should have a powerful claim to stay independent, but, in common with Gerty Oil, the company has been at the centre of a long-running feud between various members of the family of William Keck, the

The row first surfaced around a year ago when Willametta Keck Day, the 68-year-old daughter of Mr William Keck, began a proxy tight against the company and her brother, the 70-year-old Mr Howard Keck, who had built the company into one of the most successful U.S. exploratioo companies. Mr Howard Keck, who had headed the company for several decades, was anxious to out in place several devices to protect Superior from an unfriendly

dictate terms. However, his sister, who cootrols only just over 3 per cent, managed to raily considerable support against the passing of the anti-takeover devices. She has a powerful ally in Mr T. Boone Pick-ens, the head of Mesa Petroleum, which had bought a stake in Superi or. By late spring she had managed to force the company to withdraw the measures which would have

A few months later, Superior, headed by Mr Fred Ackman who had been brought in from Exxon in 1981, moved to consolidate its independence and bought back Mesa Petroleum's stake for \$42 per share, 10 per cent above the market price. The move assured the Mesa group of profits of more than \$30m on its sbort term investment, but enraged many of Superior's institutional

made it almost invulnerable to a

hostile bid.

For a while it looked as if Superior would get its wish to remain an independent factor in the oil business. But in mid-October Mr Howard Keck, one of the principal supporters of the company's continued independence, quit the board, start ing speculation that be wanted to end the family feud with his sister and sell the company to the highest

penses from favourable long-term

American Stores, with the same

to \$117.9m from \$90.37m. Net earn-

ings per share were up from \$2.69 to

financing in the preceding year.



and after "two tough years" predicted a resumption of earnings growth

Three weeks later, however, Mr. Howard Keck announced that he bad hired investment bankers Dillon Read to belp him find a buyer for his shares. He also said that their value would be enhanced if the sale could conclude with the takeover of the company as a

Superior hired Morgan Stanley to defend it and adopted a controversial "poison-pill" anti-takeover deconvertible preferred stock. Following opposition from Mr Howard Keck, however, the company backed down and for the last few months has been in an state of suspended animation as successive major oil companies have given it a thorough inspection.

In the last oil industry merger boom in 1981-1982 Mobil incurred more than its fair share of hostile publicity through its unsuccessful

# **IWKA** recovery under way

By John Davies in Frankfurt

NDUSTRIE-WERKE Karlsruhe Augsburg (IWKA), the West Gerrached \$6.15, against \$4.41, with man engineering group and robot \$3.82 (compared with \$3.39) coming manufacturer, bas made a further in the last three months. with increased profits and a boost

IWKA, which made a profit of DM 9.9m (\$3.8m) in 1982, said in a letter to shareholders that profits improved last year, although it gave no details. The company believes profits should remain stable this

Group sales revenue fell by 10.4 per cent to DM 758m last year, after recession led to a weak inflow of orders in the last few months of 1982. The group's order inflow, how-ever, picked up by 13.4 per cent to DM 616m last year.

IWKA has not paid a dividend for 10 years, but the company has indicated that a payout may be possible on the results of 1984 or 1985.

After major restructuring prompted by beavy losses, IWKA bas placed strong emphasis in recent years on technical developments in welding machines and in-dustrial robotics, which make up about 44 per cent of its activities. Its other operations include mili tary technical systems, measuring and control systems, and packaging

IWKA recently disposed of its environmental operation, which in-volved production of refuse collection vehicles and sweeping ma-

### Strong growth for two U.S. retailers BY OUR FINANCIAL STAFF A 13.9 per cent rise in sales for \$4.3m decline in net interest exthe quarter from S1.08bn to S1.23bn

STRONG growth was shown by two major U.S. stores groups over last year. Allied Stores lifted net earnings by 13.6 per cent from \$70.54m to \$80.11m in the fourth quarter to January, taking the total for the year to \$128.47m from \$90.66m.

Earnings per share for the year reached \$6.15, against \$4.41, with

pushed the total from \$3.22bn to Allied says it continued to benefit

from the strength in consumer spending. On a comparable basis, nnual sales were up 11.4 per cent, with a 10.8 per cent rise in the quar-

The results were helped by a

### U.S. bank studies Norwegian venture

AN OSLO savings bank may become a 50 per cent partner in a Norwegian subsidiary which the Bank of America is planning to set up in Norway, after the relaxation of Norwegian restrictions on foreign hanks establishing subsidiaries in year-end, raised fourth-quarter net profit 21 per cent from \$37.9m to \$45.84m, Increasing the year's total the country.

An executive of Sparebanken Oslo Akershus confirmed that plans \$3.61 for the year, with a rise from for a jointly owned subsidiary have \$1.19 to \$1.46 in the quarter.

# البنك السعودى العالمى المحدود Saudi International Bank

AL-BANK AL-SAUDI AL-ALAMI LIMITED

# Income rise for General Cinema

By Our Financial Staff.

GENERAL CINEMA, the larges cinema operator in the U.S. and a major soft drinks bottler, lifted net earnings for the first quarter to January 31 from \$8.1m, or 43 cents a share to \$9.9m or 53 cents, despite revenues of \$202.9m against Gains in the beverage division

more than offset lower earnings on the cinema side, the company said. Operating earnings fell slightly be-cause of loss of revenues from a Miami TV station which was sold, but 570m in proceeds was used to cut

# Record year for Turkish bank

By David Barchard in Ankara INTERBANK widely regarded as

the most dynamic force in Turkish banking, lifted profits from TL 14hn to a record TL 3.1hn (\$12m) in Interbank's loans advances rose

26 per cent in 1983, and 75 per cent of loans were export-related. Foreign exchange revenues improved Although 1983 was a very difficult year for Turkish banking, Inter-bank expects to remain among the top three profit-making banks. SKr L

Conti-Gummi in knowhow pact

the West German tyre manufacturer; has agreed with a Japanese company to exchange knowhow on technical rubber products. Technical products, including

conveyor belts, tubing and air

springs, made up nearly a third of Conti-Gummi's sales revenue of DM 3.4bn (\$1.32bn) last year. The knowhow pact has been reached with Toyoda Gosei, a sup-plier of components for motor vehicle manufacturing in Japan.

Conti-Gummi said yesterday that it was interested in the production techniques and organisational methods of Toyoda Gosei, while the Japanese company had a similar in-

CONTINENTAL Gummi-Werke, terest in studying the West Germans' technology.

In tyre manufacturing, Conti-Gummi has a much wider ranging agreement with Toyo Tire and Rubber Company, providing for manufacture of Continental tyres for Japanese vehicle producers. It also has an arrangement with

market.

Dr Peter Haverbeck, a member of Conti-Gummi's menagement board, first time since 1978.

Conti-Gummi has been restructuring its technical products operations, basically to make them more decentralised and to make them respond more quickly to market de-

The restructuring is part of a recovery strategy which Conti-Gum-mi has been operating for 10 years, General Tire and Rubber Company initially under Dr Carl Hahn, now of the U.S. for manufacture of Con-tinental tyres for the American and more recently under Herr Helmut Werner.

The company recently announced that it would resume dividend paysaid that the group's technical prod-ucts made a profit last year for the with the single exception of a payout on its 1980 results.

# Cardo lifts earnings and dividend

CARDO, the Swedish sugar, seeds and hiotechnology group, has re-nies edged ahead by 4 per cent to from its sugar division: SKr 276m ported a 34 per cent jump in 1983 SKr 2.89hn. Costs declined margin-against the SKr 193m after finan-

earnings to SKr 582m (\$75,78m) from SKr 433m after net financial items, but is expecting lower pretax results in 1984 because of poor

102m, the result is 36 per cent high-

er than in 1982. The market value of

Sales for the operating compaally, and the operating result after cial items in 1982. That was due to a depreciation increased to SKr 408m record crop and high sugar producfrom SKr 295m.

The group posted extraordinary gains of SKr 32.6m against losses of

Excluding capital gains of SKr Cardo's share portiono rose 86 per cent to SKr 1.34bn. The directors 122m to SKr. 13m.

The bulk of Cardo earnings came tion in 1982, as well as lower operating costs

In the Hilleshog seed company. results declined from SKr 157m to SKr 137m, largely because beet Cardo is undergoing substantial seed sales were down. Hilleshog reorganisation. Sorigina, its genetic will be floated on the Stockholm Ex technology and water purification change with a combination rights company, has cut operations con-siderably, reducing losses from SKr sponding in all to 20 per cent of the total group share capital.

# Extract from Consolidated Accounts at 31 December 1983

	1 <b>983</b>	1 <del>9</del> 82
	£′000	£'000
Share Capital and Reserves	99,906	77,306
Subordinated Loans from Shareholders	54,425	49,481
Total Capital Funds	154,331	126,787
Deposit Liabilities	2,518,669	2,324,746
Loans	1,215,348	1,045,312
Total Assets	2,772,845	2,531,748
Profit before Taxation	20,289	15,282
Profit attributable to Shareholders	11,350	9,430

Shareholders: Saudi Arabian Monetary Agency, National Commercial Bank (Saudi Arabia), Riyad Bank, Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Ltd., Banque Nationale de Paris, Deutsche Bank A.G., National Westminster Bank PLC and Union Bank of Switzerland

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incement appears as a matter of record only.

# MPH chairman resigns to contest party leadership

MR TAN KOON SWAN, a lead- Lee Sanchoon who left the Malaysian entrepreneur, resigned as executive chairman of Multi-Purpose Holdings and is now widely expected to contest the leadership of the Malaysian Chinese Association, the Chinese partner in the Government.

Mr Tan, aged 44, was largely responsible for building up MPH from a company with a built-up capital of 30m ringgits (\$13m) seven years ago into a conglomerate with a paid-up capital of 450m ringgits, and assets exceeding 2bn ringgits.

He has been succeeded by

Cabinet and stood down from the presidency of the MCA last year to go into business. MPH bas subatantial interests MPH bas subatantial interests lo plantations, including control of Dunlop Estates, property development, banking, trading, and ahipping. It is controlled by the MCA co-operative society, KSM, and Mr Lee'a acceptance of the MPH job is seen as a strong endorsement of Mr Tan's challenge against Dr Neo Yee Pan, the acting MCA president.

preparedness to go into full-time politics. His supporters acknowledge that Mr Tan's biggest liability is that most MCA party delegates still regard bim as a businessman rather than a serious politician although he has been a member of Parliament since 1978 of Parliament since 1978. Early this month Mr. Tan

the MGA co-operative society.

KSM, and Mr Lee's acceptance of the MPH job is seen as a strong endorsement of Mr Tan's challenge against Dr Neo Yee Pan, the acting MCA president, in the party's elections in June. is controlled by the clamish Mr Tan's supporters say his resignation underlines his challenge against Chimese Halnanese community of which he is a member.

A\$23.6m, against A\$16.2m.

 Nicholas Kiwi, the Austra lian-based pharmacenticals and household products manufac-turer posted a net profit of A\$10.5m for the six months to

December 31, up 16 per cent-from the A\$9m of the same

The interim dividend bas

the chairman.

period of 1982.

# SA papers in property advertising battle

A QUIET struggle for market share between South Africa's spare between South Africa's two major English-language newspaper groups has turned into open bostility following daring moves by the Argus group, the country's largest publisher, to expand its Sunday newspaper interests.

The Star, Johannesburg's main afternoon paper which is owned by Argus, has managed owned by Argus, has managed to capture a large alice of the hicrative property advertising traditionally carried by the Sunday Express, a regional Sunday paper owned by South African Associated Newspapers (SAAN), the group which also owns the Rand Daily Mail, probably South Africa's best-known paper.

The Star's bid for the advertising appears to be a prelude to a Sunday Star, which would be the strongest competition yet to the jewel in SAAN's crown, the Sunday Times. Estate agents decided Turnover was 6.2 per cent higher at A\$735.5m, while borrowings were reduced by to switch to the Star after heing offered rates fixed for five years at only a quarter of the Star's normal advertising rates. SAAN normal advertising rates, SAAN estimates that the discounts will cost Argus some R25m (\$21m) over the five year period. Argus's net profit was R10.9m in the first half of its current financial year.

Mr Clive Kinsley SAAN's madeling discretor soid over the "Results for the full year

managing director, said over the weekend that: "There must be general concern about the weakening effect such loss-leader tactics will have on the English language press as a whole." He conceded that the loss of the property advertising—which ran to 92 tabloid pages last weekend—is a serious blow.

### Earnings rise at Saudi **International**

By Our Financial Staff

Bank (Al-Bank Al-Saudi Al-Alami), the London consortium hank in which the Saudl Arabian Monetary Agency has a 50 per cent stake, raised its pre-tax profits last year by 32.7

per cent to £20.3m (\$29.6m). There was a strong improve ment in net interest income, which rose 32 per cent to £33.1m. Mr Peter de Roos, chief executive, said this resulted both from a rise in the volume of interest-bearing assets and from higher yields. Attributable profit rose about 20 per cent last year to £11.3m,

of which £3.7m was paid out in dividends and the remainder transferred to reserves. The bank has increased its provisions for loan losses from

1.15 per cent to 1.35 per cent of total loans outstanding because of "general concern" at increased credit risks.

# **Dunlop Olympic increases** interim profits and payout

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DUNLOP OLYMPIC, the diver- to the black for its twee operasified Australian Industrial tions, reduced borrowings, and group, staged a smart improve an improved economy. ment in interim net profit in the six months to December, and is raising its interim dividend from 4 cents to 5 cents a A\$13m, cutting interest payshare, covered by earnings of ments in the period from 12.6 cents a share, against 8.9 A\$13.1m to A\$9.1m. Tax took cents previously.

Interim net profit was a record A\$32.9m (US\$31.3m), a will reflect the good perform-ance obtained in the first baif." gain of 35.7 per cent on the said Sir Brian Massey-Greene first six months of 1982-83.

Australia's mining and industrial majors are turning in much stronger profit in the current financial year, though the recent flow of good results has fuelled fears that the Government's prices and incomes accord with the unions may soon be subjected to pay pressures outside the central

pressures outside the central wage-fixing process.

Dunlop's improved interim to A\$167.2m, up 10.5 per cent. out forceful retailation, he profit was attributed to a return AP-DJ reports from Melbourne added.

# Snia Fibre back in the black

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

CESANO is an otherwise unremarkable-looking town on the road from Milan to Como and the Italian lakes. What sets it apart from the other towns that ring the big city is the production plant of Snia Fibre, the textiles arm of Snia-BPD, the giant chemicals-to-defence

What makes Snia Fibre re-markable within the group is that it made a profit last year for the first time in nine years. Sig. Demetrio Corradi, its managing director, allows himself a

smile at the thought.

"When we publish the figures in April we shall have something good to say for a change. Turnover went up 11 per cent last year to L478bn (\$298m) and we should show a small pro-fit. This year will be even better because we have got the structure right. It is a nice feeling to know we are making money after so many years of losses." Snia Fibre, like the two other Italian producers, Montefibre and Anic Fibre, and the whole of the European industry, is now feeling the benefits of a rationalisation programme which is ending just as demand for textile fibres is picking up — by 5 per cent in Europe last year alone.

# Rationalisation plan

Italy has the second largest textile industry in Europe after Germany, so when the industry turned down in the wake of the first oil crisis in 1974 it was particularly vulnerable. Massive over-capacity emerged throughout Europe as demand dropped and the industry was saved only by the intervention of Viscount Etienne

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in 1982 they were fully co-

operative.
For Snia, Davignon bas entailed the elimination of some 30,000 tonnes of capacity. at plants in Cesano, Naples, a year in 1977 to 17 tonnes in a plant in Sligo, Ireland. It has also taken out 30,000 tonnes of the same time the work capacity in a plant producing force has been reduced from viscose near Milan, which was force has been reduced from the same time the work force has been reduced f not part of the Davignon 12,000 in 1975 to around 4,000 now. At the time of the

the company is concentrating operations on the production of fewer lines, a trend being adopted throughout Europe; and it is getting its productivity per worker up to the European Snia Fibre has at the same

time been helped by an internal reorganisation by its Suia-BPD parent which has given it a-more clearly defined management structure. Snia-Viscosa (the company's

name before it was changed to Snia-BPD last year), was a very loosely organised concern. All the operating divisions reported to the top and it was very difficult to find much rationale for the distribution of group costs among them.
In 1981 the divisions were put

on a company structure, each with its own board, chairman, Davignon, European commis- and managing director. They

BANK MEES & HOPE NV

sioner for industrial affairs, were given individual rates of who in 1978 originated a plan to rationalise production. At that time the European industry was working at 67 percent capacity compared with 92 per cent in pre-crisis days.

The early years of the Davignon plan were only fit fully successful, largely because the Italians dragged, their heels much better organised to meet on taking out surplus capacity. But by the inner a second.

Davignon agreement was signed. Improved productivity in 1982 they were fully co-

Even before the reorganisa improving. Productivity per werker went up from 13 tonnes a year in 1977 to 17 tonnes in

heme.

The result has been two-fold; reorganisation it was 5,400.

E company is concentrating Spia Fibre's turnover and lesses before 1981 are not published because they were sub-sumed in the parent's. But in

1981 it made a loss of L3.2hn. on a turnover of LA40bn and although they shot up to L27.8bn on a turnover of L438bn in 1982 two-thirds of that loss was accounted for by the cost of paying off displaced workers.

The other cause of the turn-round has been the concentra-

tion on fewer products and especially on those with bigher added value. Like the rest of the European industry, Saia Fibre has eliminated general, low-cost commodity products and put more attention into speciality fibres, particularly those that will eventually end in leisure wear garments, the big growth area in the clothing

Sma has always been a leading European company in the production of nylon, based on Italy's very strong hosiery Nylon accounts for two-thirds of its workforce and the other

main area of concentration is in acrylles, which takes a further 22 per cent of the workers. Snia now has 13 per cent of Europe's nylon market and 6 per cent of acrylics.

Snia is also moving very fast towards speciality acrylics and in particular towards the highly sophisticated ones such as flame-retardant fabrics for as name-retardant tabrics for aircraft, shops, and the home. Its great strength in acrylics, though, is that some 70 per cent of the new production plants sold around the world have been built with Snia know-bow. It might be argued that Snia would be more sensible to rationalise even further by getting out of rolvester. getting out of polyester altogether, few other European

altogether, few other European producers are in all three fibres and its output of 12,000 tonnes, a year is relatively small. Sig Corradi retorts by pointing out that Snis is specialising heavily in fully-drawn polyester and that it has a considerable lead in some areas such as spundyed yarn. dyed yarn.

"The European industry is increasingly moving towards specialised products," he says, and so we must do the same. We intend to adapt our product mix to the needs of our customers. For instance, the good dyaing gradity built into any dyeing quality built into our yarns is particularly important in the swimwear field when mixed with Lyora. We are the leaders in this field and see no reason to go out of it given our

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UIET struggle for the struggle for the south the spaper groups have the spaper by the spaper interest. e Siar. Johnnesse afternoon paper with afternoon paper with afternoon paper with a street property after a street property after a street property after a street paper usually carried by an an Associated News AN), the group who the Rand Daily Mair South Africa's beats.

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eral concern apon the ig effect such large tunge press as a what ceded that the kes at perty advertising in 10 92 tabloid page to ikend—is a senon k A.Y. will not allow the action by a competer? forceful retaliate.

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aproved product From before the map in Snia Fibre half. previnc. Producing arker went up from Do very in 1977 to li me 79 and then jumpel : Enes in 1991. Il sin nr.e.

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dided value. Lindusting Europe to the first elemented and the more attended and pure more attended processing with eremaining a total reversion and the second area to the design of the second attended and the second area to the design of the second attended attend Spin has always bearing Sum has always been some for Eurapean company for the production of mon being that is very strong for net and mean need of which is workforce and its workforce and its workforce and arrives net cent for arrives net cent for the strong for the str eld

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# Good second half boosts Steetley profits to £23m

SECOND HALF pre-tax profits of Steetley, minerals, construction materials, chemicals, engineering group, surged from £3.91m to £14.56m and lifted the full year's figure to £23.22m for 1983, compared with a depressed £9.35m. A record £23.51m was achieved in 1979.

The dividend is also boosted, from 7p to 11p net per sbare, with a final payment of 7p.

The directors say that current results are evidence that their recommendation not to accept the offer from Hepworth Ceramic oldines was correct.

"These results which reflect a strong recovery, are not con-sidered to be an end in them-selves but rather the creation of a new base on which the build." The current year bas started well, they state, and given a continuance of reasonable trading conditions, there will be e further increase in profits.

Turnover for the 12 months was down from £397.22m to £384.75m and in part reflects the divestment of UK chemicals manufacturing, and the Australian chemicals businesses, and

Profits, before interest, amounted to £29.49m (£18.94m) and were split as to: UK £24.53m

# HIGHLIGHTS

Lex concantrates on the latest upheavals in the City. Barclay's Bank confirmed its dual deals with jobbers Wedd Durlacher and Mordaunt and brokers de Zoete and Bevan. Meanwhile another clearer, Midland Bank, was busy buying e stake in a leading broker, W. Greenwell, through its merchant banking subsidiary, Samuel Montagu. On the company news front the column goes on to review the letest figures from Stantley which were ecompanied by a large dividend increase Steetley which were eccompanied by a large dividend increase yesterday. Finally, Lex comments upon the full results from IMI which is trying to change its image into a diversified inter-

(£2.75m); Western Europe £1.5m (£1.73m); Middle East £628,000 There bas been e major divestment of chemicals manufactur-ing, divestment of the brick plants in Holland, the builders'

nerchants and the agricultural directors say that conditional agreement has been reached for the sale of the remainder of the Australian business, which is concerned with the extraction and processing of industrial

operation last July, and further projected investment amounting to £15m is in hand for new tile-

Australia £1.05m jcity, as well as e number of estern Europe £1.5m investments in sand, gravel and

Profits were after interest charges of £6.27m (£9.58m) and subject to tax of £8.27m, against £4.57m. Minorities took £92,000 (£239,000), there were extra-ordinary debits of £3.02m (£6.12m) which included £406,000 bid defence costs, leaving a balance of £11.83m (£1.6m) after previous dividends.

Earnings per share from 7.41p to 24.28p. Net borrowings were reduced from £86m to £39m by the year end, while the ratio of net bor-rowings to sharebolders' funds

was down from 43 per cent to 25 per cent.

# Formdesign set to join USM

MAKING BUSINESS forms and computer stationery is the business of Formdesign, which will join the Unlisted Securities Market this month.

Formdesign is coming to the USM via e placing of 625,000 shares, 25 per cent of the total equity, arranged by brokers Albert E. Sharpe. The shares are being sold by the chairman, Mr John Smith, who founded the company in 1965 and has taken a non-executive role since 1981 because of ill-bealth. Following the placing, he will hold 57 per cent

of the equity.

Profits have risen from £43,000 before tax on e turnover of £1.4m in the year to March 1979, to £231,000 on sales of £3.2m

622 620 Time

The directors forecast pre-tax profits of £330,000 in the year to March 1984 with a significant increase in the following year. Profits were on a plateau in 1981 and 1982—£156,000 and

growth are sbort-run computer forms for microcomputers and credit card voucher sets. Formdesign expects to come to the market with e value of between £2.5m and £3m, and the shares are likely to give e dividend yield of just under 5 per

The company estimates it has week.

in the nine months to last less than a 2 per cent share of December.

The directors forecast pre-tax stationery market worth et least The market'e value is estimated to be expanding by

5 per cent a year. Formdesign's 10 biggest customers account for 25 per £155,000 respectively — because unit volumes slipped during the cent of group turnover. In the current year, Barclaycard eccounts for around 1 per cent of sales, which should rise to 5 per cent of the total next year,

ecsuse the group's contract has ast been enlarged. The directors say the listing should improve their standing with major customers. The placing price will be announced on Thursday and dealings are expected to begin on Friday

676 2A0

### comment

be nervous when the Chancellor stands up today, One of the fringe rumours ebont the Budget concerns VAT on home improvements, which would do no good et all to Wolseley's home heating business. Thet epert, all the emphasis at present is on the U.S., where Ferguson seems to be capitalising remarkably on the rate of economic growth in the economic growth in the southern States. The distribu-tion business there is split roughly equally between the domestic and industrial markets, in a neatly contracyclical fashioo and an upturn on the industrial side is looked for sbortly. The group is permanently on the hunt for further U.S. acquisitions, and the long-term air is to make the U.S. the major source of profit. More immediately, and barring fiscal immediately, and barring fiscal accidents, full year profits should be around £21m. On an estual tax basis, this puts the shares, at 567p (up 17p), on e prospective multiple of 9.6.

Mr Steven Dickman, the chair as new corcless telephones the condition of conditions to the condition of conditions of condition

# Wolseley **Hughes up** by £3.4m in first half

SUBSTANTIAL GROWTH has been shown by Wolseley-Highes in the half year ended January 31 1984, with profits before tax ahead from £7.25m to £10.64m. Subject to any significant changes thet might be introduced in today'e Budget, the directors expect the pattern of trade to continue for the rest of the year.

the year.
Group sales advanced from £169.85m to £209.29m and the profit before interest charges came to £11.58m, against £8.5m, and was split as to — in £000s:—UK distribution £7,054 (£6,136); U.S. distribution £3,062 (£1,364); agricultural machinery £753 (£513); engineering £392 (£224); plastics and footwear £302 (£267).

(£267). There has not been any signi There has not been any significant increase in volume in domestic heating and plumbing distribution, but margins have been maintained. Indostrial distribution remains difficult with volume and margins inadequate: the bire business bad a good half. The buoyant U.S. economy, the strong dollar and e greater number of branches have all contributed to "excellent results" tributed to "excellent results by Ferguson.

The agricultural machinery division has suffered mixed fortunes, but produced an eocouraging overall result. Turnover in engineering remained static but profitability is improving; while one of the plastics com-panies made a good recovery end belped the division to a credit-

After tax £3.83m (£3.12m) and ninorities £10,000 (£5.000), the net attributable profit comes out at £6.8m (£4.12m). Earnings are shown at 29.86p (20.86p) per 25p share and the interim dividend is lifted to 5.35p (5.08p). The final for 1982-83 was 10.81p At the last annual meeting the directors said they would continue to develop the distribution companies in the UK and America (products include cau-America (products include teatral beating equipment, plumbing supplies, power tools), while using their best endeavours to bring the manufacturing companies to "an ecceptable level

Wolseley-Haghes has reason to be nervous when the Chancellor

# Pentos in black and prospects good

A RETURN to profits in the second half, as forecast, has been made by Pentos, the diversified industrial group. The pre-tax balance was £750,000 and leaves an overall surplus of £287,000 for the year 1983.

This bas been achieved after three years of losses—the deficit was £1.66m in 1982—and reflects the major trading recoveries in publishing and retailing and in office and contract furniture, which were expected. As in the lest two years, there is no dividend.

being built have made an "en-couraging start" and their future prospects are good.

Full implementation of the Full implementation of the divestment policy (which may extend beyond the end of the current year) would mean the total elimination of bank borrowings and their associated interest charges. During 1983 bank borrowings were reduced from £8.2m; over the nast three years borrowings three years borrowings

been cut by more than

dend.
Mr T. A. Maher, the chairman,
is expecting e further significant improvement in the results for 1984. He says the businesses on which the future of Peotos is Office and contract furniture produced sales of £5.85m (£4.7m) and profits of £321,000 (loss £206,000). Sales at Caplan Furniture were 38 per cent ahead, reflecting the success of the new Newsys rense of systems.

available to the group are over film, of which 17m is in respect of those businesses which will continue in the group, and can be offset eginst future profits.

During the year 54m cash was realized from the sale of businesses and investments which did not fit into future

realised from the sate unbusinesses and investments which did not fit into future plans. Further disposals are expected to be announced during the current year as the divestment programme

the divestment programme continues.

Mr Maher says in publishing and retailing progress was made in all areas and all operations were profitable. Sales were £28.08m (£28.7m) and trading profits £1.42m (loss £391,000). Athena International is now "firmly established" as a market leader in posters, prints, and specialist greeting cards. and specialist greeting cards. Retailing activities made a

anead, renecting the sites of the new Novus renge of systems furniture (specially designed for the computer user) and the developing trading relationship with the Crown Suppliers. The

Canadian and UK operations of leaving the net attributable loss Profile Expanded Plastics both at £984,000 (£3.01m). Before the lost money, but they should extraordinaries, earnings are pick up in the current year.

Results in the construction and Comment

Results in the current year.

Results in the construction and property activities suffered from the timing of orders and of completions, which can be described from the figures and of completions, which can be fasted from the fasted from (2588,000).

The profit before tax was balance sheet tidled up struck after interest charges of group's prospects and fit 42m (£2m). Tax takes balanced Tree preference £28,000 (£96,000) and extra dead was again passent ordinary debits £1.24m (£1.25m), shares closed unchanges at

# Cambridge Electronic ahead to £9.7m

INCLUDING an increase of £1.79m in trading profits from electronic and electrical components, pre-tax profits et Cambridge Electronic Industries showed a 29 per cent increase for 1983. Mr Rupert Jones, chairman, says that the improvement stems particularly from in-creased productivity and emerg-ing beoefits of significant investmants in e number of companies in 1982 and 1983.

He also says that results partly reflect e healthier climate in the electronics industry, even though margins remain under pressure. Pre-tax profits increased from £7.51m to £9.72m on turnover of \$103.95m against \$88.81m. The increase of 24 per cent in group sales reflected the inclusion of e full year of Elec-Trol Inc., the U.S. activity ecquired in December 1982

The net final dividend has been raised from 3.5p to 4.2p which

sectors of the group contributed

to this progress.

A breakdown of turnover and (9.9p).
trading profits of £9.68m
(£6.94m) shows: electronic and electrical components £60.58m, (£47.59m) and £6.05m (£4.26m); defence and electronic systems: £22.95m (£21.59m) and £2.12m (£1.76m); specialist engineering £19.41m (£14.63m) and £1.51m

(20.92m).

Margins remained under pressure during the pariod but Mr Jones says that through higher productivity the group grasped

lifts the total by 1p to 5p. Earnings per 25p share improved by
Expansion of sales of compareble activities apart from ElecTrol was 16 per cent. This
included an element of price
increase, but represented saiss
factory progress against an administrates the attributable and minorities, the attributable markets heading the light far and minorities, the attributable markets heading the light far and with easier mercent the
some relaxation from the worst.

6.68m to 58.13m

On a current cost basis profits
prices. An average 22 per came
came to £8.54m (£6.34m) and rise within 15 points of sales

the underlying performance is to even better. Elec-Trol added p

in the unusually happy nosum reduced interest rates.

After tax of £3.11m (£2.48m) of seeing most of its divers and minorities, the attributable markets heading the right in halance emerged ahead from and with easier markets is group has been able to edge. On a current cost basis profits prices. An average 21 per rate to £8.54m (£6.34m) and right in the unusually happy nosum and included in the included in th There may still be a couple of book is 15 per cont rhead and small problem companies within it would not be read by little in its portfolio of 20 odd subsidiaries but the trends are clear this year. At an 311 time bight enough et CEL The inclusion of of 332p the market contains since being set free from Philips ings. If CEL could then a reason in 1981, distorts the picture ably priced high sectivation is lightly but strip that out and the management might, be the underlying penformance is tempted to wheel out arous mass.

# Fidelity sounds profit warning

turer of televisions, etereo units. record players and tape recorders, have run into some inter-ference.

ference.

The group warned yesterday that pre-tax profits for the year to March 31 would fall "significantly short" of the £2.2m which it forecast et the time of last July'e £3.9m rights issue. However, the shortfall is unlikely to affect the dividend forecast of not less than 3p net for the current year. Following the announcement, Fidelity'a shares fell 33n to 90p.

fell 33p to 90p.
Mr Steven Dickman, the chair-

group said it had encountered technical difficulties with the introduction of a new chassis used throughout the range of

used throughout the range of its colour televisions.

A new chassis had to be developed, and e considerable number of sets already produced needed to be re-worked. As a result, sales were lost and additional material and labour costs were incurred. The launch of new products incorporating the igned chassis was also delayed.

Fidelity also ran into delays over the test specifications for its new cordless telephones, which had to be resolved before

completed until the next financial year.

The group said all these diffi-culties had been overcome and production of cordless paic phones and coldur televisions. Tast November, the group, revealed that interim profits had risen sharply from £218,000 to £766,000. Demand, for cordless telephones was strong, and the group expected at the time that the bulk of output would fall into the current half.

In the year to March 1983 group profits before tax were held back to £30,000 after reach.

### George Wills expects a shortfall

Instead of an expected record year, George Wills and Sons (Holdings), has been hit by pointile price movements of sempent mest and warps, that full year profile and tall about eaving the group's intern commodity company with a tex-able deficit of 1552,000.

The company also amounces that it has purchased a 315 per cent stake in CL Group of Guildford

The deal will be satisfied by an

# North Sea oil company for USM

THE USM is about to welcome a new recruit to its oil sector in the shape of North Sea and General Oil Investments (NSG).

Plans are well advanced for an offer for sale arranged by Hambros Bank and Samuel Montagu, although timing and other details have yet to be finalised.

NSG is a bolding company,

whose sole subsidiary Dawsea was set up in 1980 to apply for North Sea exploration for and production of oil and gas in the North Sea. The group was among the most successful applicants in the seventh and eighth licensing rounds, when it acquired 70,326

GLASS CONTAINER manufac-turer Beatson Clark recorded sharply lower pre-tax profits of £1.22m for 1983, against £2.36m

for the preceding 12 months. This followed e stagnant second half in which the company broke even. Last year's second half sew a profit before tax of £712,000.

After e tax credit of £146,000 (debit £923,000), earnings per 25p share amounted to 24.2p (25.3p).

The company which specialises in processes for bigh-speed recording of computer data from magnetic tape or floppy disc,

**Beatson Clark setback** 

Microgen plans full listing

Mr Petrick Barbour, chairman of Microgen Holdings, tells members in his annual report that be looks forward to continued steady growth in the use of computer output microfilm (COM). He also looks forward to further gains in productivity in the COM division and e substantial contribution to profits from the Systemset and the LA COM businesses.

The company which specialises

bought the COM bureau of LA Computer Services, a subsidiary of SIG SA, for £981,200 last February.

For 1983 the company had trading profits of £669,000 and £174,000 respectively.

As already known Microgen pre-tax profits grew 57 per cent to £926,000 for the year to the end of October 1983.

The company which specialises

**DIVIDENDS ANNOUNCED** 

9p.
Turnover for the 12 months
was up by £2.47m to £31.16m, on

which operating profits decreased to £1.34m (£2.44m), before interest charges of £118,000

(£79,000).

The directors forecast that in-

creased exports and some closures within the UK will continue to improve the company's position.

tively.

As already known Microgen pre-tax profits grew 57 per cent to £926,000 for the year to the end of October 1983.

The company is currently quoted on the USM, but is seeking e full listing on the Stock Exchange.

acres in the North Sca, of which 46,600 acres are within the Emerald field. It will continue to give priority to developing its North Sea interests, including further appraisal work in the Emerald field. In the longer term, it intends

to invest in both oil and gas prospects in the North See and other areas when suitable oppor tunities arise. No diversification, however, is contemplated immediately.

LADBROKE INLEX Based on FT Index-842-846 (+5) Tel: 01-493 5261

# A concise analysis of today's Budget tonight for 20p and the cost of a phone call.

See Prestel P.5999 from 10.30pm





# Link House ublications PLC

HALF-YEAR TO DECEMBER 31, 1983

# Continued profit growth

- \* Pre-tax profits up 14% to £3.7 million
- \* Interim dividend increased 11% to 5.0p
- \* Further increase in profits from Advertising Periodicals Division and improved results from both Magazines and Books Divisions
- \* Positive signs of worthwhile improvement in second half-year

Robert Rogers House, New Orchard, Poole, Dorset BH15 1LU.

# 1983 Results

lurnover	0/0,540
Trading Profit	41,631
Income from investments and interest receiv	ed 4,640
Interest payable	(14,721)
Profit on ordinary activities before taxation	31,550
Tax on profit on ordinary activities	(11,650)
Profit applicable to shareholders of IMI plc	10 422
•	19,433
Extraordinary loss after taxation	(10,342)
Dividends	10,750
	Income from investments and interest receive Interest payable Profit on ordinary activities before taxation Tax on profit on ordinary activities Profit applicable to shareholders of IMI plc before extraordinary items Extraordinary loss after taxation

1. The enalysis of turnover end profit on ordinary activities before taxation by class of business is as follows:-

198	2		198	3
Turnover	Profit		Turnover	Profit
157	5.6	Building products	155	7.5
76	2.2	Heat exchange-	79	2.5
61	1.7	Fluid power	62	4.9
41	3.8	Special-purpose valves	36	41
73	4.6	General engineering and sundry trading	70	2.6
208	0.7	Refined end wrought metals	243	2.a
64	4.3	Drinks dispense	98	9.8
- 674	22.9		743	34.0
	(1.3)	Corporate finance and administration costs		(2.4)
(41)		Intra-group sales	(67)	
633	21.a		676	31.6

2. Profit on ordinary activities before taxation includes the effect of fluctuations in the price of copper on the book value of unsold refined end wrought metal stacks—1983 profit of £1,612,000 (1982: loss £340,000)—together with the profit on realisation of the 1982 base stacks of e subsidiary emounting to £1,053,000 (1982: nil).

Provision has been made for the payment of a bonus of £0.8 million (1982: £0.8 million) to employees participating in the IMI employees' profit-sharing scheme.

4. Extraordinary items consist of losses on disposal of businesses end closure of activities.

The Directors recommend a final dividend of 2.5p per Ordinary Share, payable on 18 May 1984 to shareholdars on the Register at the close of business on 19 April 1984, which will absorb £6,719,000 (1982: £5,373,000). Together with the interim dividend of 1.5p per share peid on 24 October 1983, this makes a total of 4.0p per ahare (1982: 3.5p per share).

**Brief Review of Activities** 

Tumover and pre-tax profits were respectively 7% and 46% up on last year's figures. UK sales at £376 million were 10% higher and sales by overseas companies of £204 million were 8½% higher but exports from the UK were 6% lower, largely as a result of withdrawal from unprofitable product and market sectors. Redundancy and reorganisation costs borne above the line amounted to £5.1 million. An extraordinary loss of £10.3 million arose from the sale of the rod and wire business in September 1983 and two small rolling compenies in March 1984,

and from discontinuation of other activities. Fluid power and drinks dispense were major sources of profit improvement. Progress was also made in metal refining, copper tube and cylinders, special purpose valves, air conditioning and sporting ammunition. Demand for titanium remained low and results were disappointing.

BUILDING PRODUCTS - HEAT EXCHANGE - DRINKS DISPENSE - FLUID POWER

SPECIAL-PURPOSE VALVES - GENERAL ENGINEERING - REFINED & WROUGHT METALS il/li plc, P.O. Box 216, Witton, Birmingham, B6 7BA

Current A & G Security .....int
Beatson Clark ......
Cambridge Elec .....
City & Foreign ......
Goernsey Atlantic ..... May 11 May 8 May 11 May 18 May 18 June 1 May 28 

### George Will expects a shortfall

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One thing Mr. Lawson can be certain of, thanks to the media, is our undivided attention.

But if you're a business and you want to draw attention to your corporate point-of-view or to your financial services, it's a different story.

For a start, it costs money.

And then, once the money has been committed, there's the further worry whether or not the people you have entrusted it to will deliver the goods.

Will the advertising, the public relations activities and other promotional materials they have produced really work?

Now, however, there is a new, young, gutsy financial

The agency is CDP Waterhouse.

Where the managing director and the head of PR between them share 20 years banking and corporate experience with the bluest of blue chips.

Where the planners produce articulate strategies based on market knowledge and the latest, most relevant research.

And where everybody is devoted to one thing only: getting people to look the client's way.

Over the past two years we have worked on a wide range of projects, from generating off-the-page responses for a variety and Partners.

The British agency famous for creating campaigns for Benson and Hedges, Barclaycard, Hovis, Army officers and, well, it's a long list of successes and we like to keep copy short.

If you'd like your communications arm to start putting on muscle, why not ring Michael Waterhouse or Christopher Smith on 01-388 2424.

Or write to us at CDP Waterhouse Limited, 110 Euston Road, London NW12QD.

# Hampton Areas to float Australian subsidiary

LONDON'S Hampton Gold Mining Areas international natural resource group is to offer 25 per cent of its wholly-owned Australian subsidiary, Hampton Australian subsidiary, Hampton Australian public via a A\$7.3m (£4.58m) share issue. Shares of HAL here been granted approval for a listing on the Australian associated stock exchanges.

HAL will be issuing 9.7m new ordinary shares of 20 cents for subscription in Australia at a price of 75 cents per share, capitalising the company at A\$29.1m (£18.3m). Hampton Areas will retain its holding of 29.1m its many controlled projects. Hampton development. Its major interest development. Its major interest and development. Its major interest and development. Its major interest also points ont that move should provide HAL with greater opportunities to particle pate in other mining and mineral related projects in Australia.

Mr George Livingstone-Lear-month, managing director of Hampton Areas, said in London yesterday: "I believe it is very into the economics of further its working.

HAL also has interests in several Westero Australian exploration jeint ventures and (£18.3m). Hampton Areas will retain its holding of 29.1m its major interest and the view of the used by HAL to further its about propried HAL with greater opportunities to particle pate in other mining and mineral related projects in Australia.

Mr George Livingstone-Lear-month, managing director of Hampton Areas, said in London yesterday: "I believe it is very into the economics of further its about provide HAL with greater opportunities to particle pate in other mining and mineral related projects in Mineral related projects in Mineral related projects in the australia.

Mr George Livingstone-Lear-month, managing director of Hampton Areas, said in London yesterday: "I believe it is very into the economics of further its about provide HAL with provi

(£18.3m). Hampton Areas will retain its holding of 29.1m shares of HAL, or 75 per cent of the latter's enlarged capital. The proceeds of the issue will

### Gold bonanza for Mr Powell

A GOOD deal of interest has been sparked off in Westero Australian mining circles at the news that a gold prospector, Mr Bill Powell, appears to have "struck it rich" near Cool-gardie, 350 miles north-east of

The ore from the find is being processed at the local state battery and has been yielding more than half an ounce gold per tonne. Some crshings are re-ported to heve averaged 26 mmes per tonne. Mr Powell's open-plt is ebout

100 metress across and about five metres deep, near to the ahandoned McPherson's Reward mine. The orehody rons north-south and is open at both ends. It is thought by the nature of the quartz deposit that the gold could also eccur et depth

manaysian Gopeng group eased last month after increasing in January. In the case of Gopeng itself the February figure makes a total for the first five months of the current financial year of 6212 tonnes against 7194 tonnes in the previous year.

For the first two months of 1983 Mambang Dl-Awang has produced 761 tonnes against 424 tonnes in the same period of 1983 while output of Idris for the period amounts to 32 tonnes against 164 tonnes.

Actrous and nen-ferrous metallurgical industries for e further give years.

Sir Roderick Carnegie, chairman of CRA said: "The Chinese leadership has embarked on a maintenance in February, 1982, because of the falling world demand for anthracke.

Rand London also announces that negotiations have been completed for leasing of the mineral rights of an area at Loopspruit in the Transvall. The companye is unbrella under which business relationships beneficial to both sides can flourish."

The UK Barnatt.

several Westero Australian exploration jeint ventures and is carrying out active exploration programmes

The HAL offer is in line with Australie's desire for increased local participetion in foreign-

# **ZCI** struggling on

A NET loss of U.S.\$918,000
(£630,000) for the half-year to
December 31 compared with a
loss of \$1.83m in the same period
of the previous year is reported
by Zambia Copper Investments.
No dividend was received from
the 27.3 per cent bolding in
Zambia Consolidated Copper
Mines (ZCCM).

However, ZCI says that K5.98m
(£2.54m) of previously reported
income which was tied np in
Zambia awaiting externalisation
has been rescheduled as a sterling-designated long-term loan to
the Zambian Government. Re-

### MINING NEWS IN BRIEF

Discount Corporation of New York

\$ 4,735,812

169,523,844

17,205,797

329,436,290

67,571,211

4,317,434

21,283,757

12,024,229

3,313,792

8,608,338

953,315

263,064 \$639,236,883

\$314,422,862

222,358,900

12,912,087

21,283,757

3,321,430

2.000,000

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61,937,847

64,937,847

\$639,236,883

DCNY Corp.

58 Pine Street, New York, N.Y. 10005

WU Telex 125675 Discorp NYK

Tel. 212-248-8900 - WUI Telex 620863 Discorp

CONSOLIDATED STATEMENT OF CONDITION

Cash on hand and due from banks.....

Cash deposited against United States Government and

Federal Agency securities borrowed or purchased

Bankers acceptances in portfolio and sold under

United States Government and Federal Agency securities in portfolio and sold under repurchase

under resale agreements.....

agreements, at market value .....

market value .....

Government of Canada and Provincial securities in portfolio and sold under repurchase agreements, at

Other securities .....

Customer segregated deposits and trading equity . . .

Accrued interest receivabla .....

Land, building, improvements and equipment, less accumulated depreciation of \$1,554,764......

\$1,197,000.....

Daposits with Exchange Clearing Associations.....

LIABILITIES AND STOCKHOLDERS' EQUITY

securities borrowed or purchased under resale agreements – secured, at market value

Accrued interest and axpenses.....

Accrued taxes on income and other liabilities . . . . . ,

Preferred stock, par value of \$1.00 per share.
Authorized 100,000 shares; issued—none.....

ssued.....

Common stock, par value of \$1.00 per share. Authorized 2,500,000 shares; 2,000,000 shares

Paid-In aurplus.....

Retained earnings.....

Total stockholders' equity.....

Stockholders' equity: Capital stock:

Loans payabla to banks and amounts payable on

United States Government and Federal Agency

Prepaid expenses, deferred charges and other

Exchange memberships at cost, market value

THE Rio Tinto-Zine group's group's South African effshoot, Australian CRA subsidiary has Rand London Corporation, is now opened an office in Beijing and signed two agreements which extend the company's technical orders for the particular quality of anthracite available from the ferrous and nen-ferrous metallurgical Industries for e further five years.

DIRECTORS

and Director.

JACK F. BENNETT

Exxon Corporation

ROBERT H. BETHKE

JOHN C. BIERWINTH

Grumman Corporation

DONALD G. BRODIE

GEORGE CHAMPION

EMILIO G. COLLADO

DANIEL P. DAVISON Chairman of the Board, United States Trust Company

ANTHONY J. HANLON

nt and Dire

hesident. - · idependence Foundation, Philadelphia

JOHN A. LUKE

ROBERT A. MAES

SCOTT E. PARDEE

RALPH F. PETERS

JOHN J. SCANLON

W. BRUCE THOMAS

Former Executive Vice President and Chief Financial Officer.

Vice Chairman, Chief Financial Officer and Director,

United States Steel Corporation

American Telephone and Telegraph Company

Executive Vice President

Former Chairman of the Board, The Chase Manhattan Bank, N.A.

Chairman of the Board, Grace Geothermal Corporation

Former Chairman of the Board

KENNETH S. AXELSON

J. C. Penney Company, Inc.

Former Executive Vice President

Senior Vice President and Director

# Buy-out of Bejam joint venture for £2.7m

FIVE senior executives of Meatpak Hampshire Group have purchased the company and its £30m-a-year frozen beef, lamb and pork business.

With financial support from leading institutions, they are paying a total of £2.67m to acquire Meatpak from its cofounders, Bejam Group and Swift and Co., a subsidiary of the American-owned multinational, Esmark.

swift and Co., e sinsiniary or the American-owned multinational, Esmark.

Meatpak has 520 employees. Its headquarters and heef and lamb plant are at Chandler's Ford, Hampshire, with the pork plant at Beocies, Suffolk.

The buy-out team has been led by 41-year-old managing director Mr Peter Howard-Jooes. His colleagues, all of whom have had major food industry experience, are Roy Keeping (financial director), Shade Munro (sales and marketing), Geoffrey Wood (research and development) and Derek Were (production).

### English China Clays

English China Clays

The disposal of its interest ln Ratalistiks International BV has been announced by English China Clays. Following an approach by Union Carhide Corp of Connecticut, U.S. The epproach was made to the three sharebolders in the Fluid cracking catalyst (FCC) company Retalistiks. Agreement has substantially been reeched for the acquisition by UC of the whole of RT's FCC business, locluding assumption of all debts; for approximately \$107m (£73.6m).

UC and KI expect the ecquisition to be completed by the eod of May. The other shareholders in KI each of which has a one of May. The other shareholders in KI each of which has a one third interest, are EKA AB of Sweden end CRI International Inc of Baltimore U.S.

Consideration ettributed to ECC's one third equity interest will be of the order of \$15m (£10.3m) compared with the investment of \$10m made in December 1981.

### Stewart Nairn

Stewart Nairn has agreed with Benchfield Corp. NV to exercise its options to acquire Beoch-field's freebold interest in 9/15 Sackville Street, W1, fer £6.5m. Consideration will be satisfied by transfer from SN to Benchfield of shares at an egreed value of £3.85m and £2.65m in cash.

# Brockhouse door opens for Evered

Caparo Industries, the industrial group beaded by Mr Swraj Paul, lost its hid yesterday to take control of Breckhouse, the loss-making West Midlands engineering group.

The way is now open for Evered to make a recommended outright £7.2m offer for the company.

pany.
At an extraordinary meeting, shareholders in Brockhouse voted decisively to turn down caparo's much decisively to turn down caparo's proposals to inject a much needed £5m cash transfusion into the group through e subscription of 20m new shares. Caparo as rights price of 104p and an offer e result, would have had e 61.7 per cent stake in Brockhouse.

Learning of Evered's bid intentions, Caparo amounced that it would stand in the market and pay 42p for each Brockhouse share but in the end the vote weot 5.55m shares against the required resolution and 3.44m in favour.

However, before the meeting hed started, Evered unveiled plans to launch a share offer, with a cash alternative, and rights cent stake in Brockhouse. He proposals to inject a much-needed £5m cash transfusion into

Caparo Industries, the industrial group beaded by Mr Swraj Paul, lost its bid yesterday to take control of Breckhouse, the loss making West Midlands engineering group.

The way is now open for Evered to make a recommended outright £7.2m offer for the comcapital Brockhouse urgenty requires.

Bankers to Brockhouse, led by Midiand Bank, have pressed hard for a cash injection to give the group headroom against its over-draft ceiling £15.4m. Evered is raising £5.3m net throngit a heavy rights on the basis of two ordinary shares at \$5p for every three shares held.

The rights issue is not conditional on the success of the four-for-10 ordinary offer.

for 10 ordinary offer.

at the end of January

The hanks had said that their continued support depended on the injection of additional capital. Brockhouse's net worth is shown at £20.86m at at Septemias Septemias

# Swedish group bids £13.6m for Macpherson

BY RAY MAUGHAN

Becker, a quoted Swedish con-sumer paints and industrial coat-ings manufacturer, yesterday support the offer through market ended days of speculetion con-cerning Donald Macpherson, instantly by the rise in Macended days of speculation con-cerning Donald Macpherson, which supplies Cover Plus to Woolworth, when it launched e fil.8m cash bld worth 75p per share.

The approach drew an instant and emphatic rejection from the pherson's interests in retail Macpherson board, heeded by Mr Rex Chester, who said that by the Cover Plus range of "the offer has no commercial benefits and the price offered reflects neither the underlying worth nor the prospects of the group." Net worth, the chairman said, is £19.65m.

He noted that Becker's supple with the technical supposed attempt to buy 10 per cent of the share capital at the offer price through the market sion and further development of those businesses."

offer price through the market yesterday morning "appears to here been completely un-successful."

successful."

Baring Bros., edvising Becker, denied that any attempt had

pherson's share price which closed yesterday 15ip ahead et

Woolworth, when it launched to fissem cash bid worth 75p per share.

The approach drew an instant and emphatic rejection from the Macpherson board, heeded by Mr Rex Chester, who said that the Cover Plus range of the compatible with

those businesses."

Becker's UK activities comprise industrial paint in Walsan, powder coatings in Woking and cotings for the oil and gas fields,

# BIDS AND DEALS IN BRIEF

the Geostie's quality survey services throughout the world.
Major contracts are already being jointly undertaken by the two companies in Alaska and China. Geostie Survey Group is a world leader in the marine survey and positioning survey industries.

Hanson Trust owns or controls approximately 75 per cent of Loudon Brick ordinary stock. The offers for the ordinary and preferred stock units have been declared unconditional as to international security group. The ecceptances and are now recom-initial collective capital was not mended by the board of London

At the request of Hanson, the London Brick board has decided not te pay the second interim dividend on the ordinary stock announced on February 24 for payment on April 10.

British Tar Products bas sold British Tar Products bas sold its trading business, Wynmouth Lehr & Fatoils to N. W. Harvey, an unlisted commodity trader hased in the City of London.

BTP received £1.15m in cash from the sale, comprising £700,000 in respect of the share capital of Wynmouth and £450.000 in respect of intercompany borrowings. The consideration represents the estimated net taugible assets of mated net tangible assets ef

Wynmouth.

Wynmouth was not part of BTP's mainstream operations and

Mills and Allen Intal is now contributed less than 5 per cent interested in 2,69m erdinary of BTP's pre-tax profits for the sbares, 7.9 per cant of Hogg year ended March 31 1983.

Robinson Group.

Geosite Survey Group, part of Occounts Group, has acquired COMAP Project Management Services, a group of geophysical companies hased in Manchester, Metallurgicas. The second parallel COMAP's high resolution geophysical expertise complements Geosite's international spread of survey companies and enhances the Geosite's quality survey services throughout the world.

Major contracts are year of the edition of March 9 it was reported that Angio Indonesian Corporation had acquired a further 342 per cent stake in Acetury Industrias graph of this story, beginning was the Geosite's international spread of survey companies and enhances the Geosite's quality survey services throughout the world.

Major contracts are world.

started e joint venture company in the Middle East called defense and Security International. The and Security International. Interther partners are Defeose Systems, a British company and the Middle East Institute fer Strategic Studies which is based

positioning in Jordan.

DSI eperates from Cyprus and provides advice on security matters, from threat assessment to system design and response force erganisation. The joint venture is an impertant step in initial collective capital was not significant but the potential pro-fits for 1935 and beyond are sub-

stantial Hawtin has ecquired Gull West Hawtin has ecquired Gull West Suits for £150,000, of which £109,600 is payable in cash and £41,400 will be satisfied by the issue of 386,667 ordinary in Hawtin at 12p per share. Net asset value of Gull at the end of March 1983 was £188,570 and pretax profits for the year to the same date amounted to £51,693. The Gull acquisition is an expansion into the leisure industry.

industry.

Crest Nicholson has acquired the business and assets of Ali-Pro Turf, an established supplier of artificial sports surfaces besed in Oklahoma City, for U.S.\$775,000 (£531,000) in

OKOBANK-

U.S.\$50,000,000 -- Floating Rate Capital Notes due-1992

In accerdance with the provisions of the Notes, notice is hereby given that the Rede of Interest for the first times months of the Interest Period ending on 14th Jone, 1984 has been fixed at 1018 % per annum. The interest accruing for such three-month period-will be U.S.\$138.16 in respect of the U.S.\$5,000 denomination and U.S.\$6,007.99 in respect of the U.S.\$250,000 denomination, and will be payable, together with the interest for the remaining three months of the Said Interest Period on 14th Sentenber 1984 sainst of the said Interest Period, on 14th September, 1984 against surrender of Coupon No. 1 13th March, 1984

Manufacturers Hanover Limited

U.S.\$30,000,000

SUMITOMO HEAVY INDUSTRIES, LTD. (Incorporated with limited liability in Japan) Guaranteed Floating Rate Notes Due 1984



Unconditionally guaranteed as to payment of principal and interest by THE SUMITOMO BANK, LIMITED

(Incorporated with limited liability in Japan) In accordance with the provisions of the Notes and Agent Bank Agreement between Sumitomo Heavy Industries Ltd., The Sumitomo Bank, Limited and Citibank, N.A., dated September 5, 1979, notice is bereby given that the Rate of Interest has been fixed at 1014 % pa and that the interest payable on the relevant Interest Payment Date, June 13, 1984 against Coupon No. 10 in respect of U.S.\$25,000 nominal amount of the Notes will be U.S.\$682.81.

March 13, 1984 London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBAN(

# YAMAICHI INTERNATIONAL [NEDERLAND] N.V.

U.S.\$20,000,000

Floating Rate Certificates of Deposit Due 1987

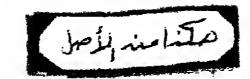
ISSUE PRICE 100 PER CENT.

Samuel Montagu & Co. Limited

Yamaichi International [Europe] Limited

Dai-Ichi Kangyo International Limited

Nippon Credit International [HK] Ltd.



# **COMPANY NOTICES**

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INDUSTRIES, IN ic I leavility in Japan) Rate Notes Due 1984

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MOTICE OF A MEETING OF HOLDERS OF: 15% % GUARANTEED NOTES DUE MARCH 15, 1967

Deted the 13th day of black, 1984.

CANADA

Instruments of arose duly executed and accommanded by related Notes must be described at offices mentioned below throm which appropriate natruments of promy and instructions may also be a later than 40 hours before the time the above meeting to consequed or with Teroclear or Cede related Notes will not be released from scancer until the unfilter of:

1. The conclusion of the above meeting or any adjournment thereof:

2. The basish motiving, not face than 48 about before the time the above meeting or adjournment commenced, the instruction with which such Motes are deposited. That such propy is cancelled.

Morman Genranty Trust Company of New York Avenue det Arts, 35 1640 Brasets Rask Morgan Labouchers, N.V. 12 Teorischaustracker 1054 ET Amsterdam

Morgan Gaaranty Trust ( 23 Wall Street Hew York, N.Y. 10015 Swiss Bank Corporation Acceleratorstadt t Basin Morpae Gearanty Trust Company of New York Morpae Home 1 Angel Court Landon EC28 TAE

NOTICE FOOM CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY AS FISCAL AGENT RELATING TO THE ISSUE OF U.S.\$175,000,000 - 12/% GUARANTEED NOTES DUE 1289 BY CANADAIR LIMITED

hereby given to the Notsholders that we have been edvised by Canadair Limited (" Canadair") The Government of Canada has approved a olim for the reorganization of Canadair which will result the transfer of substantially off of the undertaking, property and the maste of Canadair to 125709 Canada for subparted by the Government of Canada; and the substantial by the Government of Canada; and The Mability for the due and punctual payment of all the Notes and interest thereon, as well as all other obligations of Canadair shall not be essuand by 125709 Canada Inc., but will remain with Casadair, and with remain guaranteed by the Government of Canada inc., but will remain with Casadair, and with remain guaranteed by the Government of Canada inc. but will remain of the Casadair, and with remain guaranteed by the Government of Canada detect November 9, 1582, for the payment to the holders of the Notion of all emports and interest upon the Notion of all

It is proposed to change the name of Canadair to Canadair Financial Corporation and 125709 Canada to Canadair Limited on the effective date of the reorganization. The Government of Conside has confirmed in writing the above-membered information to us.

MURATA MANUFACTURING CO. LTD. NOTICE IS HERRY GIVEN that subject to absentioners, approprial a cash divident will be said to take to take the said the said to take the said the said to take the said the said to take the said the said to take the said the said to take the said the said to take the said the sa

EDRs.
NOTICE IS ALSO GIVEN that a free distribution of shares will be made to shareholders of record data made, to shareholders of record data that the state of 0.25 share for each 1 common share of V50 each 15 new for each 4 old.
Furtherstore, W has been decisred that the share will be passed on.

Critisank, N.A., London, Depository,

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March 12, 1984.

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Opportunides
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Farnings per 5p share rose from 4.24p to 5.08p. Pre-tex profits ..... Carporation
Overprovision
Nat profits
Preference dividends Classified Advertisement Financial Times 10, Cannon Street, ECAP 4BY 

# **UK COMPANY NEWS**

Half Enorgeing Mar 16
Los Service Mar 28
Miller (F.) (Textiles) Mar 16

Rockware Mar Rugby Portland Cement Apr Schroders Mar Stag Furnitude Mai

Comten ....... Guardian Royal Eechange Assur

# IMI soars £10m and pays 4p total

**BOARD MEETINGS** 

SHARPLY IMPROVED results by its fluid power and drinks dispense interests enabled IMI to record further progress through the second six months and life its pre-tax profito for the full 1983 year by £10m to £31.6m, an

The following companies have nothing dates all beard meetings to the Stock Extranger. Such meetings for the Stock held for the purpose of canadating dividends. Official individents and official individents are proposed in interior of finals and the subdivisions shown below are based mainly on large years a meeting. Fig. BALL Industries. BALL In the figures, struck after redundancy and reorganisation charges of £5.tm, also included a £1.6tm profit (£340,000 loss) from the effect of fluctuations in the price of copper on the book value of unsold refined and wrought metal stocks together with a £1.05m profit on realisation of the 1982 base stocks of a subsidiary. An increased final dividend of 2.5p (2p) lifts the total payment by 0.5p to 4p net per 25p share. This partially restores 1982's 1p displeod cut.

Group turnover for the past

Pre-tax profits of Birmingham-based Metalrax Group, engineer-ing concorn, expanded by 24 per cent from £1.64m to £2.04m for £83, with the second half contributing £1.32m, against

ft.03m.
Turnover for the 12 months
moved shead to £24.54m,
compared with £21.1m, a 16 per

cent rise, while the dividend is effectively lifted from 2.09p to

2.27p with a final distribution of 1.6p. Also proposed is another

of 1.5p. Also proposed is another one-for-10 serip issue.
Profits at the halfway stage had increased from £610,000 to £723,000 and the directors stated libst the year as a whole should show a fair improvement in profitability over 1982.

Tax charge for 1983 was £701,000, ageinst £525,000, and comprised corporotion tax of £712,000 (£530,000) less £11,000 (£5,000) previous overprovisions.
Preference payments were

Preference payments were fil,000 (same) leaving an available balance of £1.33m (f1.11m), of which the ordinary dividends will absorb £393,000 (£546,000).

1983

Metalrax

rises 24%

to £2,04m

Group turnover for the past year advanced from £632.64m to £676.34m and at the trading level profits emerged £8.25m ahead at £17.5m £55m £25m £22m), fluid power £4.63m after taking account of depreciation of £17.57m, compared with £15.69m.

Interest charges were reduced from £16.82m to £14.72m but investment income and interest reduced from £16.82m to £14.72m but investment income and interest charges for £16.7ml and drinks dispense received declined by £406,000 to £4.64m.

A division breakdown of pre-

Truel.
Finals —Browmaker, Camella Invest-

ments. De Beers Consciouted Mines, S. W. Farmer, Garbinetics Restaurants, Greenfields Loisure, Hengeony and

Shanghar Banking, Longer and Scottish Munno Bil, Roluga Acaurance, Robin-son Brothers (Rypers Green).

FUTURE DATES

Interims'—
Goodman Biethers ..... Mar 16
Mar 20

For the opening six months group pre-tax profits climbed from £7.3m to £12.2m on the back

of a t5 per cent rise in turnover to £337.7m. In their interim report the directors said growth in sales of the overseas companies more than compensated for lower exports from the UK. They added that current indications were that modest recovery was being mainlained in most engin-eering products bur that there was still little evidence of an improvement in copper and itiantum semis.

Last August the group announced that it had reached agreement to dispose of its brass rod and wire business located at Willon, Birmingham, to a subsidiary of McKechnie Brothers for approximately £6.5m cash. Earlier this month plans were

revealed to sell two of the group's Birmingham-based sub-sidiaries, DMI Wilkinson and J. F. Raicliff (Metals), to a consorium of former employees.

These disposals accounted for £10.3m of the extraordinary

# Yarrow upsurge at interim stage

AN UPSURGE in first half maritime engineering con- and expect those to be main-profits is reported by Yerrow, sultancy and the manufacture of tained in the second half. Auto-

during the current period.
While further growth is

fig. 1000 rise in turnover to pected from the research and The group's position in the market is now more broadly based and the directors are looking for another successful year operations will leave the group overall.

Meanwhile, they are stepping while lauther is to the A and G and Carters of Burnley operations will leave the group "well placed to benefit from further acquisitions."

and the directors are confident ticketing and fare rollection matic Revenue Controls has

that the subsidiaries can take systems.

advoolage of improved trading coordiness. And the strong and misorities oit (£3,000), io the half-year figures. Parent support for further growth and balance at £261,000 (£502,000), held.

Earnings are shown to be £5.

support for further growth and expansion.

For the six months coded December 31 1983 iurnover was 10.3m, compared with f9.54m, and profit before tax worked out at £405,000. The same period of t982 produced £538,000, but that jociuded £548,000 surplus on sale of investments. The group's principal business is that of have returned increased profits,

# A & G Security improves 32% and tops up interim

A & G Security Electronics, up the net interim dividend by which receotly obtained a full 15 per cent to 0.95p (0.825p) per Stock Exchange listing following 5p share from balf year earnings a spell on the USM, pushed its of 1.96p (1.64p) on a fully taxed pre-tax profits up to £457,000 for the six months ended Jannary 31, 1984.

This was a 33 per cent increase over the £346,000 returned for introduce new products and further opening half of 1982/63 and the new launches are planned the new launches are planned during the current period.

was achieved on the back of a £976,000 rise in turnover to

Cifer profits eliminated by start-up costs

Costs associated with the Costs associated with the opening of a plant at Cwmbran, South Wales, together with those of introducing a major new range of products will "eliminale profits," at Cifer in the first half of the current year. However, Mr Oliver Newman, the chairman, says in his annual report that the board remains confident of a satisfactory pected from the research and development programme, the successful Integration of the A

# **Good start** at Granada and rentals reach peak

A GOOD start to the current financial year has been made by Granda Group, and Mr Alex Bernstein, the chairman, told the annual meeting that profits in the first four months were stgnificantly better than for the

same period last year.

He added: "Unless there are any unexpected setbarks, we can look forward with some confidence of the confidence of dence to a successful year." Apart from its main activity as a relevision rontractor.

as a lelevision rontractor, Granada's other interests include television and video rental, property investment and development, bingo social clubs and cnoemas, motorway services and music publishing.

Mr Bernstein said Granada TV Rental had a good Autumn. During the last two years, the TV rental industry had suffered a net loss of television subscribers, but this year prospects looked better and the group appeared to be containing the loss. Last Autumn, the oumber of television sets and video recorders rented reached a new seasonal high.

orders rented reached a new seasonal high.

Overseas, rental continued to do well, and profits were running ahead of thoso for the year before.

Mr Berzstein said the cash flow the renorders on rental

Mr Bernstein said the Lash how from video recorders on rental was mitigating the group's capital requirements, so the heavy growth in borrowing of the last three years was no longer a feature of its business, and he feature of its husiness, and he expected loans to peak this year. The group was watching, with keen interest, the lechnical and political developments in cable and direct broadcasting by satellite. Although it had not yet made any firm decision to invest in those forms of communication, it had done its homework and was ready to move "at short notice."

In general, he said, the group

move at short notice."

In general, he said, the group was seeing signs of improvement in the world economy. He believed that, with one or two exceptions, all the companies within Granada would show an improvement over last year and improvement over last year and contribute to a satisfactory over-

all result.
It had received "a substantial It had received "2 substantial sum" for the successful "Jewel in the Crown" series, and it had also been sold to Australia, Canada and several countries in Europe. He expected to achieve world-wide sales for this programme. The rompany had also achieved excellent results in selicing other programmes overseas. annual report that the board remains confident of a satisfactory result for the full year, following strong customer acceptance of Cifer's new products

In the year to September 30
1983, reported last December, pre-tax profits expanded from £5.7m to £15.6m, representing £3.3m after levy relief.



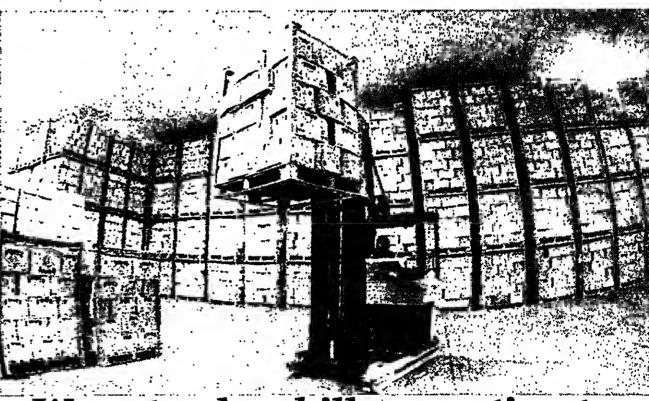
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National Shipping Co. of Saudi Arabia Norasia Shipping Line Sea-Land Service. All regularly call direct at Dubai's Port Jebel Ali. For further information, please contact the Lines' local offices.

# **BUSINESSES FOR SALE**

# Pig Breeding& Weaning Unit

Based in Pocklington, near York, P.D. Hall (Lindrick Holdings) Ltd. Is a feeding manufacturer of environmentally controlled plg farrowing, weaning, follow-on and fattening units. Turnover currently £2m p.a.

\*Freehold premises comprise a factory of 43,000 sq.ft. on e 5 acre site at Pocklington, and a ferrowing, weaning and follow-on unit with 4½ acrea at Cliffa, Selby, North Yorkshire. There is also a demonstration fattening unit in Cleckhaaton, West Yorkshire.

\*There le elso e 10,000 sq.ft. menufecturing unit in Guttenberg, lowa, USA and 2 trial units in Calgary, Edmonton, Canada. \*Total assets have a book value of spproximately £900,000. The akilled workforce of 60 is evellable to e prospective

Contact: J.K.R. Jones, Joint Receiver and Manager Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU. Tel: 021-643 5494 Telex: 339420 ROBSON G

ROBSONMAHODES

# Civil Engineering Group

Llandeilo Dyfed, UK.

The Joint Receivers and Managers of Beechwood Group pic wish to sell the business and business assets of the group whose major activities include: Turnover for year to 31st March 1983

Civil Engineering/Plant Hire Well Drilling

For further information please contact: R.A. Smart Esq., EC.A. Telephone: (0222) 44191 or Telex: 498109.

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3 Noble Street,
London ECCAL TOO (Ref 84.JL) Tolophone: 01-806 7700 Telex: 384730

By Order of R. P. V. Roes, Esq. FCA and R. A Smart, Esq. FCA, Joint Receivers and Managers for Reactivened Group P.C.

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\* Skilled workforce evallable Contact C. L. C. D. Contact C. J. C. Derry 50/51 High Holborn London WCIV 6EG Tel: 01-405 8411 Telex: 897377

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The Chairman, Box G9548, Financial Times 10 Cannon Street, London EC4P 4BY

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Peat, Marwick, Mitchell & Co. Kingswood House, Pelham Road Nottingham NG5 1AP



Assets and business for sale

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- Operates from single freehold site in Brierley Hill.
- \* Current annual turnover £1.5m

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PEAT. MARWICK

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Messrs. Walker, Walton, Hanson, Byard Lane. Nottingham. NG1 2GL 0602-703215, Mr. P. Hanson.



Stoy Hayward & Partners 44 Baker Street, London WTM 1DH.

# **CARNIVAL CERAMIC INDUSTRIES LIMITED** IN RECEIVERSHIP

Ceramic tile manufacturers based in Ebbw Vole, Woles. The 38,000 sq. ft. Welsh Development Agency leasehold factory is equipped with advanced production facilities with a Studicerom prefabricated continuous tunnel kiln, extensive plant Further information from The Joint Receiver, Peter Johns,

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Thornton Baker

16

# PRECISION ENGINEERING COMPANY

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# FOR SALE A business engaged in middle range enginearing with proven full range of product (some parented). End industries serviced include perroctemicals, water and process industries. Plent in both UK and Scries. 70% of UK product exported. Significant market also in Europe, South Africa and Australia. Turnover in current year expected to esceed 6A million. For turSHRDLU For turther details please write to:

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COMPANY

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Rapiles to the Chairman Box (19558, Financial Times -10 Cannon Street; London ECAP 487

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NEW YORK STOCK EXCHANGE 28-28 AMERICAN STEEK EXCHANGE 27-28 U.S. OVER THE COUNTER 28, 36 WORLD STOCK MARKETS 28 LONDON STOCK EXCHANGE 28-31 INIT TRUSTS 32-33 COMMODITIES 34 CURRENCIES 35 INTERNATIONAL CAPITAL MARKETS 36

# SECTION III - INTERNATIONAL MARKETS

# FINANCIALTIMES

Tuesday March 13 1984

WALL STREET

# Nerves are partially overcome

WALL STREETS stock markets turned sharply upwards yesterday afternoon when an analyst at a major brokerage house voiced the growing belief among the major institutions that both bond and stocks may have been oversold. The response from the investment in-

stitutions was restrained; and turnover in the market remained fairly modest. But leading stocks moved higher after Mr John Meldson of Dean Witter Rey-nolds said that he is bullish for both stocks and bonds, and that he expects the second leg of the buil market to start in this area."

The Dow Jones industrial average

started the day slowly but rose steadily during the afternoon to close a net 15.50 points higher at 1,155.36 on turnover of 84.9m shares. The bond market flicked higher after

Mr Meldson's comments but settled back again before the end of the session to show any small gains on the day. Interest focused on Mobil's \$5.7bn

agreed bid for Superior Oil, which sparked some worries that it might fuel criticism in Washington of the latest spate of oil company takeovers. Nervousness in the credit markets

Standard & Poors 500

STOCK MARKET BIDICES

510.08°

126.35

503.64

541.66

496.38

697.90

10.02

495.50

55.28

142.69

2389.6

188.97

159.90

160.50

131.90

250.34

March 9

1/2

GOLD (per cunce)

102.90

D.I.Transport

S&P Composite

DJ Utilities

FT and Ord

FT-A 500

FT-A Inci

LOKAO

Tokyo SE

AUSTRALIA

Metals & Mins.

Credit Aktier

Belgian SE

Toronto Composite

Montreal

.Combined

FRANCE

Ind. Tendance

FAZ-Aktien

Commercial

HONG KONG

Hang Seng

METHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

Golds Industrials

Madrid SE

JEP

Capital Int?

WITZERLAND

SWEDER

WORLD

Franktat

Paris (todng)

New York (Merch)

WEST GERMANY

BELGIUM

CANADA

FT-A All-share

FT Gold minés

FT-A Long gilt

LONDON

Merch 12 . Previous . Year ago

498.46 125.92

840.90

501.35 538.30

494.15

711.70

10.07

10086.54 9997.22 8081.44 796.46 785.21 593.75

719.10 719.30 515.40

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182.20 184.80

309.60

Prev \$401.75

\$400.00

\$400.25

\$399.76

424,80

103.50

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126.98

151.24

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417.41

451.00

424.11

591.30

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End Month Figures

was heightened when the key federal funds rate edged up from its opening rate of 9% per cent to 91% per cent, at which level the Federal Reserve helped the market with a further \$2.5bn in customer repurchase arrangements, making a total of \$12.5bn since the beginning of the month. The apparent inability of the Fed to hold rates down strengthens the argument that it may be about to change policy.

The latest Fed statistics showed another substantial increase in bank lending to industry, although the total of \$223.37bn includes the large borrowings involved in the merger fever in the oil industry

Mobil, which remains the second largest U.S. oil group following its purchase of Superior Oil – with Exxon still by far the biggest - traded quietly at \$29%, down 5% on Friday's close. Superior traded busily at \$39%, a fall of \$% on overnight, and close enough to Mobil's offer of \$45 a share to suggest that the market expects the bid to escape any antitrust problems.

Heavy turnover in Gulf saw the price rise \$1% to \$86%, still nearly \$14 short of the price offered by Standard Oil of California, reflecting some concern in the market over the reportedly cold recep-tion for the bid in Washington.

On the American Stock Exchange, stock in Gulf Canada - which is likely to be sold off by Socal if the bid goes through - eased \$\% to \$14\% after its recent rise.

Other oil stocks traded quietly. Exxon gained 5% to \$39% while Houston Natural Gas slid a further \$4 to \$47%.

Another major bid bope was snuffed out when St Regis, the paper group, dis-

U.S. DOLLAR

225.1

2.153

2.941

(3-month offered rate)

FFE

(offered rate)

U.S. Fed Funds

1D%

TATA

11.75 1993

12 2013

10% June 1980

3% July 1990

8% May 2000

Diamond Shamrock

10% May 2013

11.80 Feb 2013 ·

12% Dec 2012

CHICADO .

March

March .:

Certific

March

March

March

(London)

Copper (cash)

Coffee (March)

Silver (spot fixing)

Oil (spot Arabian light)

LONDON

8% 32nds at 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Gill

250,000 32nds of 100%

Three-month Eurodolla

LLS. Trackery Bonds (CBT)

U.S. Treasury Bills (IMM)

Abbot Lab

Federated Dept Stores

10% March 1993 90%

FY London Interbank fixing

3-month U.S.\$

6-month U.S.\$.

1617

1,27875 : 1,27125

224.05

7,9525

2.911

1601.5

U.S BONDS

March 12°

Price

68%

72%

8874

11.10

12.20

12.13

Yield

12.25

10.98

12.80

12.70

12.90

92% 13.30 92% 13.30

67-26 68-04 67-19 67-24

90,64 90.66 90.60 90.65

89.99 90.01 89.95 90.02

110-12 110-12 109-30 109-26

668.80p

\$28.70

89.82 89.76 89.82

March 12 Prev 668.80p 675.70p

£1018.75 £1011.50

£2140.00 £2142.50

91% 12.90

FINANCIAL FUTURES

Latest High

tes of Deposit (IMM)

89,81

COMMODITIES

Price

9914

2.1335

STERLING

1.4605

3.77 327.5

3.12

4.2525

2338.5

1,853

9%

31/14 51/4

15%

10% 9%

9.33

99"/hz 11.14 98% 12.15 97% 12.23 97% 12.23

12.05

10.98

Prev

Price

92% 68%

72%

12.45 91% 12.25

91% 1245

82% 12.90

91% 12.90

11.6125

1.4525

3.785

327.25

11,645

4.2726

2348 77.35

1.8565

31/14

517/19

15%

10%

9.33

3.13

**KEY MARKET MONITORS** 

closed that it was buying out for \$52 a share the stake recently acquired by Sir James Goldsmith's group of investors. With further stock purchases ruled out under the repurchase agreement, St Regis dipped \$3% to \$37 after a delayed trading start.

One of the best sectors was the airlines, which continued to benefit from the expectation of flat oil prices and increased passenger traffic. AMR (American Airlines) put on \$1% to \$34, Delta \$1% to \$35% and Northwest Air \$1% to \$37%.

The credit market brightened a little at midsession after Mr John Meldson market strategist at brokers Dean Witter Reynolds, took a bullish view of both stock and bond markets.

The long end of the bond market strengthened, with the key 2013 Treasury issue recovering to 972/22, showing a net gain of %: and a yield of 12.29 per

The response at the shorter end was more besitant and Treasury bill rates were little changed on the session at 9.35 per cent for the three-month and 9.50 per cent for the six-month bill. Turnover in the credit markets remained thin but there were some indications that negative factors have been slightly overstressed in recent sessions.

LONDON

# **Pre-budget** rate hopes aid record

REVIVED optimism over interest rates took London equities to all-time peaks yesterday and encouraged a fresh advance in gilt-edged securities ahead of the UK budget today.

Equity demand was selective, but the session closed with the FT Industrial Ordinary index up 3.2 at a record 844.1. This was achieved despite duliness in constituent TI which reacted 12p to 262p as takeover speculation faded.

Glaxo, by contrast, jumped 25p to 830p.
The FT-SE 100-share index improved

3.5 to 1,083.8. Retail banks found it difficult to make beadway after last week's successful dividend season. Government stocks had gains of 1/2 or more, while several re-

cent buildog issues flared into promi-Details, Page 29; Share information service, Pages 30-31

# **HONG KONG**

THE PRIME rate cut by Hong Kong banks at the weekend fuelled good initial demand, notably from smaller local investors, and took the Hang Seng index above 1,100 for a while. But profit-taking set in immediately as this level triggered enough institutional selling to leave the index 6.66 lower at 1,087.74.

The banks themselves were more badly affected than most, with Hang Seng Bank off 75 cents at HK\$45 after Friday's profit figures, and Bank of East Asia - out of favour recently - down HK\$1.20 at HK\$28.30 against a 1983-4 high of HK\$35.25.

Hongkong and Shanghai Bank, with results due today, held at HK\$8.95.

# SINGAPORE

VERY THIN dealings characterised a lack of Singapore buying enthusiasm, and the Straits Times industrial index drifted 9 points lower to 1,012.21.

With declines ahead of advances by eight to one, volume leader Multi-Purpose shed 2 cents at S\$2.08, Malayan Cement 15 cents at S\$8.75 and United Overseas Bank 10 cents to S\$5.45. Malayan United Industries, fairly actively dealt, managed a 2 cent rise to S\$2.85.

# **AUSTRALIA**

TRADING levels were reduced markedly by a Melbourne holiday and an absence of involvement from abroad in Sydney, where the All Ordinaries index edged down just 0.2 at 719.1. Although BHP slipped 5 cents to

A\$12.90 ex-rights, the rights themselves firmed that amount at A\$3.50 and some late interest in mining issues added 7 cents to MIM at A\$3.35 and 5 cents to Bougainville at A\$2.50.

Retailer Myer put on 8 cents to A\$1.90.

# **SOUTH AFRICA**

GOLD shares retreated in Johannesburg in line with bullion, but a particular focus of weakness was Harmony, off R1 at R29 on its plan to curtail uranium production.

Of the gold majors, Hartebeest was R4 lower at R101 while Amgold shed R1 at R155.50. De Beers - ahead of results due today - steadied at R10.75. A profit setback at Messina, South

Africa's Nissan car franchise bolder, prompted a 30 cent fall to R5.35 after dipping 25 cents on Friday.

# CANADA

CONTINUED losses in the gold sector and emerging weakness in properties and oils took shares lower overall in Toronto. Metals, media and papers, however, resisted the trend with modest advances.

In Montreal, an easier tone was evident among utilities, banks and papers, although industrials held a small ad**WEST GERMANY** 

# Timing may be right for risky plunge

ALBRECHT Count Matuschka could well take as his motto: "Risk capital the true road to security." A few months ago he helped found West German's biggest venture capital fund to date. Ask him why he took the plunge in a country more famed for plodding, albeit effectively, down well-tried industrial paths than for risk taking, and he gives a pas-sionate reply, writes Jonathan Carr in

He believes that the business climate is changing, that there is a growing readiness by younger people with a scientific background and good new ideas to cut loose from the system and "go independent." But the young potential entrepreneurs usually lack enough funds and knowhow to set themselves up in business or, having done that, to expand to make the best use of their skills.

They might be able to borrow from the banks but they would not get equity participation from them, nor skilled advice on matters like product sales and

marketing strategy.

Yet these new businesses, operating in fields like communications technology, electronics components and, automa-tion, could well be the future industrial high-fliers if given a chance. This is where Count Matuschka and the newlycreated Techno Venture Management (TVM) company comes in.

"It is far less risky to put your money into growing sectors," be stresses, "than to go on ploughing it into the old, established but declining industries."

One major plus point for TVM is that it has attracted Siemens, West Germany's leading electrical concern, as a minority sharebolder. Siemens is put-ting up funds for the first TVM invest-ment pool, capitalised at DM 130m and will belp with technical advice, market evaluation and so on.

TVM is also attracting other major West German companies in non-electrical fields to act as investors and advisers, so that a broad range of experience as well as finance will be available to the new businesses.

One question mark over the enterprise is whether a giant like Siemens may scare off potential applicants to TVM, who fear they might be dominated and their ideas stolen. Part of the answer is that Siemens has only a 25 per cent stake, sharing ownership with the Matuschka Group which has a decade of international venture capital experi-

A further 25 per cent stake is held by T.A. Associated of Boston, one of the larger U.S. venture capital management groups. A London company, Advent, bas 5 per cent. The managing director of Advent, Mr David Cooksey, has been influential in the development of small business legislation in the UK.

Only time will tell how this arrangement works in practice. Siemens may have decided to join in partly because it bas a lot of surplus funds available for investment and partly because efforts to set up a venture capital outfit on its own might run foul of the cartel authorities.

A bigger question mark is whether Count Matuschka is really correct about the changing mood. There is a lot of talk about an emerging technological gap between West Germany and Japan in particular; there is also the sad recognition that even with the expected 2.5 per cent real economic growth this year, the unemployment level will still average more

But are there really so many potential entrepreneurs trying to burst into highgrowth technology sectors themselves rather than, for example, entering the warm nest of Siemens and staying there? TVM is far from the first risk capital enterprise to emerge in West Germany and past experience has not been very encouraging. Plenty of capital but too few good schemes to invest it in bas been one common complaint.

That said, there are several signs that TVM has come on the scene at a good moment. There are changes at federal and provincial government level, and on the stock market, which promise a more buyoant atmosphere for risk capitalists in future.

The centre-right Government came to power about 18 months ago, pledging to help boost company profits, cut red tape and encourage those wanting to set up their own businesses. It has gone quite a way to keeping its word.

Cuts in taxes on wealth, earnings and trade will bring industry a lower tax burden of around DM 4bn annually. Bonn is also putting large chunks of federal boldings into private bands, starting with the buge energy concern Veba and probably continuing with Lufthansa, the airline.

Bonn is boosting the funds available for research and technology, for example, through the DM 3bn programme for micro-electronics and information technology due to come before the cabinet tomorrow. These efforts are being flanked by what almost looks like a competition among the provincial states to establish "Silicon Valleys."

Baden-Wurttemberg in the south seems in the lead so far, with its recent decisions to establish research institutes for micro-electronics, data processing and molecular biology, and its own programmes to encourage small

But neighbouring Bavaria is not far behind. It has made efforts to promote bigh technology, and fast-growth indus-trial sectors have emerged in the Munich-Augsburg area to the south and around Nuremberg and Erlangen to the

Even if a new venture capital enterprise flourishes in this environment, it may still face a big disadvantage if it wants to go public after five or 10 years of strong growth.

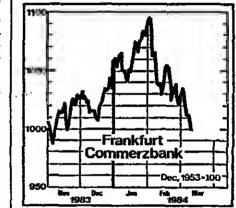
Many believe the West German stock market is tiny compared with its U.S. or Britisb counterparts, with high entrance fees to put off all but the most persistent. After being pronounced to be in a state close to "rigor mortis" last year things started to change.

West German stock prices surged hy an average of nearly 40 per cent and there were 12 new entrants to the bourse. True, all world stock markets were enjoying a boom and few of the newcomers were really big enough to satisfy bungry investors. But the new year began with the decision of Nixdorf, the computer company, to come to the stock market at last and there are many more

candidates waiting in the wings. That activity could just be the result of the economic upturn and, not least, of share purchasing by foreigners expect-ing a D-Mark revaluation before long. But the upswing has been accompanied by a long and complex debate about bow the structure of the stock maket could itself be changed to encourage more en-

The market at present has three parts, the officially listed stocks, the over-the-counter market (so-called geregelte Freiverkehr) and the largely uncontrolled free market (Telefonverkehr).

The most likely solution to the debate is that over-the-counter trading will be extended to form a parallel market attracting more small and medium-sized companies. Such a market might be introduced next year - and thus be available when Count Matuschka's first successful candidates spread their wings.



**EUROPE** 

# Frankfurt slide sets in afresh

THE SLIDE in share values which slowed in Frankfurt on Friday, resumed apace as the market opened for the week vesterday and the Commerzbank index dipped below the psychologically important 1,000 level for the first time in more than four months.

The measure, calculated at midsession, fell 12.3 to 998.8 - its lowest since November 7 and 97.7 below the high achieved on February 2.

Activity in a generally thin market was dominated by professional traders who sought to reduce portfolios after absorbing much of last week's selling pres-

Against the background of token strikes by trade unions, in support of their claim for a shorter working week,

foreign investors joined in with sales of their own. The soured investment mood continued to be attributed to Wall Street's un-

certainty, the dollar's renewed advance and the outlook for U.S. interest rates. Motor manufacturers were again among the hardest hit with Daimler down DM 4.80 to DM 553.20, after a low

of DM 551.50. BMW fell DM 5.50 to DM 395.50 and VW DM 2 to DM 204. Tyremaker Conti Gummi, which signed a co-operation agreement for the exchange of information with Toyoda -

majority owned by Toyota and Japan's largest spare parts supplier - beld its decline to DM 2.20 at DM 130. Electricals were easier, with Siemens off DM 1.50 to DM 394, after a low of DM 391.50, and AEG shed DM 2 to DM 99.30

following confirmation that Thomson of France was taking full control of its former subsidiary, Telefunken. Elsewbere, Klöckner-Werke fell DM

2.30 to DM 63.50 following the announcement that CRA of Australia had taken a major stake in its Bavarian subsidiary.

Bond prices were lower against the backround of the rising dollar and climbing U.S. interest rates. The Bundesbank bought DM 65.3m of paper to balance the market, compared with Friday's low level of purchases totalling DM 4.6m. Banks were active in reducing their

The lack of trading interest seen in Amsterdam last week carried over to vesterday despite the end of the early spring holiday.

Two floating rate

note issues total

\$200m, Page 36

Akzo proved a feature, bowever, with its sharp rise in 1983 profits and more than doubled dividend. The sbares lost FI 8.60 to FI 100.20 as it also announced a one-for £10 rights issue.

Brewer Heineken sbed Fl 8.50 to Fl 134.50 after the 29.5 per cent advance in 1983 profits, announced on Friday. proved to be below market expectations. Bonds were stable in slow trading.

Paris was easier with foods, constructions and rubbers leading the slide.
Club Méditerranée added FFr 7 to FFr

818 following its announcement of im-proved consolidated profits and turnover for the year to October. Meanwhile, the interest rate on 18month Treasury bills was set at 11% per cent at the Bank of France's tender

for FFr 1.705hn worth, compared with 12% per cent on December 12. Shares were mixed in Brussels as the market awaited details of government measures to reduce the budget deficit

through an austerity drive, However, market leader Petrofina added BFr 40 to BFr 7,130 while among financial bolding companies, Groupe Bruxelles Lambert rose BFr 30 to BFr 2,435, Société Générale de Belgique

slipped BFr 10 to BFr 1,750 and Sofina was unchanged at BFr 5.730. Banks were sbarply lower in Zurich, with the decline attributed by some to a socialist party proposal to ease banking secrecy laws. Union Bank fell SwFr 65 to SwFr 3,425 while Credit Suisse and

SwFr 2,280 and SwFr 1,450 respectively. Bank Leu fell SwFr 140 to SwFr 2,550, ex its SwFr 90 dividend. Swiss bonds were mixed to lower with dual currency bonds depressed by the higher dollar.

Swiss Volksbank each shed SwFr 20 to

Little movement was seen in very thin Stockholm trading. However, Ericsson shed SKr 5 to SKr 348, despite last week's announcement of improved 1983 profits.

Electrolux held steady at SKr 267 as the home appliance maker announced it was closing its unprofitable Italian operations but at the same time was discussing a possible involvement in Italy's Industrie Zanussi.

Shares were slightly lower in Milan amid concern over relations between the trade unions and the Government over plans to reduce the indexed wage escala-

TOKYO

# **Buying of** banks leads revival

REVIVED buying of bank stocks sent Tokyo's Nikkei-Dow market average. above the 10,000 level yesterday for the first time in three sessions as last week's correction mood faded away, writes Shigeo Nishiwaki of Jiji Press. Stocks of companies expected to earn

higher profits were also bought selec-The Nikkei-Dow climbed sharply by 89.32 points to 10,086.54. Set against the

strong price advance, however, trading volume was slow at 272.63m shares compared with last Friday's 269.96m. Foreign buying of shares in each of the high-ranking city banks averaged about 1m shares, and domestic private

investors followed suit. Sumitomo Bank added Y71 to Y1,020 to become the first to top the Y1,000 mark among bank issues with a face value of Y50. Fuji Bank put on Y71 to Y944 and Mitsubishi Bank Y76 to Y930. Many bank issues touched all-time highs.

Trust bank issues were sought in sympathy, with Sumitomo Trust and Banking gaining Y60 to Y400 and Yasuda Trust and Banking Y30 to Y370. Active buying of shares in non-life in-

surance and securities companies was also in evidence. Tokio Marine and Fire Insurance gained Y16 to Y548 and Sumitomo Marine and Fire Y25 to Y323. Nomura Securities firmed Y49 to Y760 and Daiwa Securities Y27 to Y504.

The consensus among large securities houses was that the performances of financial institutions in the face of progressive financial innovation were being reflected in stock prices.

Issues reporting good business results also attracted buyers. Mitsubishi Metal rose Y20 to Y588, drawing strength from reports that the company will earn a recurrent profit of close to Y8bn in the accounting year ending in March 1985. Toyo Soda climbed Y20 to Y265 on expectations of a sharp recovery in operating results for the fiscal year ending this March.

Elsewhere, pharmaceuticals and those issues involved in Japan's planned Information Network System were also in demand. But oil shares eased across a broad front on the yen's slide.

The bond market paused for breath in the face of the yen's decline with investors generally sitting on the sidelines. The yield on the benchmark 7.5 per cent long-term government bond, due January 1993, rose to 7.295 per cent from last Friday's 7.285 per cent.

But the market retained a firm tone as financial institutions, especially city banks, were attracted to bonds when the yield hovered around 7.30 per cent.

MERCHAN

retire offer olders and fasteners business om modern, wellend o sq. ft. with mine. ales-able company/actions platform for

SALE

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SALE

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# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PI

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Kidder, Peabody Securities

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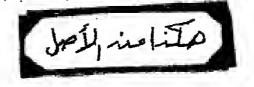
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Sales figures are unofficial. Yearly highs and lows selfect the previous 52 weeks plus the current week, but not the latest tracing day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noticel, rates of dividends are annual dicbursements based on the latest declaration.

a-dividend also extra(s). b-ennual rate of dividend plus stock dividend c-diguidating dividend cld-called, d-new yearly low e-dividend declared or paid in preceding 12 months, g-dividend in Canadian funds, subject to 15% non-residence tox. I-dividend declared after split-up or stock dividend, j-dividend paid this year, omitted, deferred, or no action taken at latest dividend declared after split-up or stock dividend, j-dividend paid this year, omitted, deferred, or no action taken at latest dividend declared after split-up or stock dividend, j-dividend meeting, k-dividend declared or paid they are an accumulative issue with dividends in arrears, n-new issue in the past 52 weeks. The high-low range beging with the start of trading, nd-head day delivery P/E-prace-earnings ratio. I-dividend paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split, sis-cales, t-dividend paid in stock in preceding 12 months, sebmahard cash value on ex-dividend or ex-distribution date, u-new yearly high, v-trading halted v--in bankruptcy Act, or securities assumed by such companies wit-when distributed, w--when issued, www-with warrants. x-ex-dividend or ex-rights, xds-ex-distribution, xw--without warrants y-ex-dividend and sales in full, yid-yield, y--sales in full.

# WORLD STOCK MARKETS

CANADA DENMARK NETHERLANDS	AUSTRALIA JAPAN (continued)	OVER-THE-COUNTER Nasdaq National Market closing prices
March   17	Mar. 12	A ALEMANNE AND
AMERICAN STOCK EXCHANGE	E CLOSING PRICES	NEW YORK-DOW JORES I STANDARD AND PODRS
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# Cheaper money optimism pushes equities to records Gilt-edged stocks also higher

Revived optimism over thesper Revived optimism over cheaper UK money took London equities to new ali-time peaks yesterday. A fresh advance in Gilt-edged securities was also encouraged by speculation that the authorities could cut money market dealing rates by another i per centage point shead of the Chancellor's Budget speech, due to begin at 3.30 pm today. This would enable clearing banks which have not yet followed Barclays' i per centage point base leading rate reduction to consider a larger cut of i a per-

A finite continued views favoured equity market prospects, and beloed to restore confidence after indial caution over Wail Street's continued weakness last Friday. Upward progress was slow, but the session closed with the FT Industrial Ordinary share index up 3.2 at a record contrasting duliness in constituent TI, which reacted 12 to 282p following weekend comment which doused recent take-over speculation.

Financial issues went their own ways with Life Insurances overcoming recent fears about the sticking at 260p. Compared with the minimum index price of 150p, and the striking price of 215p. Elsewhere, further demand was evident for oil and which with the additional aid of "call" option business, rose 19 overcoming recent fears about

which doused recent take-over speculation.

Financial issues went their own ways with Life Insurances overcoming recent fears about the possible abolition of premium relief and possible changes in their tax treatment on Gilt-edged trading. Clearing banks, on the other hand, found it difficult to make beadway after last week's successful divideed season: Properties welcomed the

sterling's examess against the dollar, which reflected lower base rate possibilities, and the currently unsettled U.S. bond market. Sentiment in Government stocks was thought likely thanks to the control of the contr

market. Sendment in Government stocks was thought likely to benefit from the Chancellor's proposals and the recently-exhausted tap, Exchequer 9½ per cent. 1998; (£25-paid), rose ½ to £26. Other gains in thot area were similar, with Exchequer 10½ per tent 1997 establishing a rise of ½ to 100½.

Shorter-dated issues were just as firm and Treasury 11½ per cent 1989 closed ½ up at 103½; the new tap stock, Exchequer 10 per cent 1989 "A" rebounded to par in £40-paid form, Indexlinked Gitts were neglected but several recently-issued "buildog" issues flared into prominence; international Bank for Reconstruction 11½ per cent 2003 (£30-paid) jumped 1½ to 35½ and Asian Development Bank (£25-paid) rose 1½ to 29½.

with investors taking more notice of recent reports of bumper pre-Budget sales, of life assurance policies. Akthough prices closed below the day's best, Hambre after 432p, while Legal: and commendation. French Conoeccommendation put on 7 to 257p i a response to an end of the same amount tion put oo 7 to 257p i a response to an end waring and the same amount tion put oo 7 to 257p i a response to an end of the same amount tion put oo 7 to 257p i a response to an end of the same amount tion put oo 7 to 257p i a response to an investment re

scheduled for March 21. A rising market last week on rumours of a U.S. bid, Hogg Robinson improved afresh to close 5 up on balance at 188p on the late announcement that Mills and Allen owns a near-10 per cent stake in the Lloyds Broker. Elsewhere, Minet reflected bid hopes with 2 gain of 4 to 146p, but C. E. Heath eased 3 to 325p.

With the dividend season now out of the way the march chanof the group's planned links with stockjobbung concern. Wedd Durlacher Mordaunt, and stockbrokers' de Zoete and Bevan, mads little impression on Barclays, which closed a fraction dearer at \$50p xd. Among Hire Purchases, First National Finance Corporation put on 3; to 71p following a resurgence of speculative buying. Our Price Records enjoyed a firm and active debut. Opening

Buildings traded quietly, but the undertones remained firm and movements usually favoured holders. Barratt Developments hardened a couple of pence to 162p awaiting ioday's preliminary results. Costain firmed 4 to 285p helped by favourable comment, while George Wimpey and AMEC added 3 aplece to 156p and 234p respectively. Among secondary issues, Ward Holdings rose 12 to a 1983-84 peak of 121p and the Deferred gained 8 to 117p following a newsletter recommendation. Renewed demand io a restricted market lifted Whatlings 5 to 82p, while buying shead of tomorrow's annual results left Federated Housing 3 dearer st 46p. Marshalls (Halidearer et 46p. Marshalls (Hali-fax) attracted revived support and rose 10 to a 1983-84 peak of 2030.

ebb, but the shares closed a couple of pence dearer at 5780. Among other Chemicals, Leigh Interests hardened 2 to 99p following Press comment, while revived demand left British Tar Products 4 dearer at 73p. Foster Bros. advance

reconstruction 11; per cent 2003
Reconstruction 11; per cent 2005
Reconstruction 12; per cent 2005
Reconstruction 12; per cent 2005

# FINANCIAL TIMES STOCK INDICES

	March 19	March	March 8	March ?	March	March	year Ago
Government Seça	83,43	83.14	55.18	53,35	83,31	85,23	61,34
Fixed Interest	87,98	87.14	87,12	86,97	86,01	86 01	68,70
Industrial Ord	844.1.	640,9	887.1	863,4	841.6	552.5	665,8
Gold Mines	527,9	711.7	696.8	699,8	202,0	704.7	591,3
Ord. Olv. Yield	4,86	4,38	4.40	4.41	4,37	4,42	4,83
Earnings, Yid. Z (full),	9,36.	9,42	9,44	9.46	9.38	9.48	10,14
PIE Ratio Ineti (")		12.84	12,80	12,78	12,89	12.73	11,92
7otel pergains							96,025
Equity turnover £m.	_ 1	017,49	278,81	268,65	244,01	305,70	206,33
Equity bargains	_ '	26,096	90,819	19,967	20,615	28,901	29,851
Shares traded imil		189.6	170.1	156.3.	145,6	190.9	130.0

Gold Mines 12/1/58, SE Activity 1974.

	1983/54 Since Compilation				March		
	High	[ Low	Nigh	Low	-Dally	9	-
ovt. Secs.	88.77 (%1/84)	77.00	127.4	A.1176	Gilt Edged Bargeins . Equities	165,8	183.5
ixed int.	87,47	79.03	150.4	60,63	Bargains .	162.6	
d. Ord	844.1	698.4	844,1 12/5/64;	49.4	Olit Edged	}	j
old Mines					Equities Eargains . Value	. 142.4 . 371.0	184.5

source, Elsewhere, Alpine Soft Drinks attracted revived sup-port and added 2; to 28p, while late demand lifted Paterson

a subsidiary. A. Caird took a further turn for the worse on adverse comment, dropping to stores of comment and recorded a particularly good features. Kode, up 15 at 295p, drew strength from comment on a limited market lifted Press mention prompted a rise of 30 to 800p in Microfocus, Demand in a limited market lifted Logica 18 to 370p. Cambridge Electrolics, 4 up at 332p, and A. and G. Security, 6 bigher at 185p. both reflected satisfactory Electronics, 4 up at 332p, and A. and G. Security, 6 bigher of 158p, both reflected satisfactory trading statements. Telemetrix showed renewed strength of 332p, up 12, ahead of interim results due shortly. In contrast, Fidelity tumbled 33 to 90p on the down-graded profits forecast, while adverse Press mention caused a fall of 15 to 95p in HB Electronics.

Hawley Group remaloed over-shadowed by last week's rights ambouncement and eased 2 couple of peoce more to 84p. Adam Lelsure, a dull market spee the chairman's profits warning, met with revived sup-port and rose 10 to 50p. In a quiet Motor sector, Lucas Industries were notable for an

improvement of 4 at 2050; the interim results are scheduled

Unsettled last week by a large line of shares overhanging the market, Fleet Holdings revived yesterday with a gain of 6 to 170p. Elsewhere, W. N. Sharpe galoed 51 to 495p and awaining further developments to the bld situation following the Board's strong rejection of

the Board's strong rejection of Octopus Publishing's tentative £28m takeover bid. Among Paper / Printings, James Cropper added 10 to 235p as did KLP to 225p, while Saatchi Saatchi firmed 8 at 5980.

Properties drew fresh support on cheaper money bopes. Land Securities, 290p, and MEPC, 291p, gained 5 apiece to 290p and 291n respectively, while British Land improved 4 to 127p. Hammerson A moved up 25 to 850p and Stock Conversion added 5 to 327p. Revived hid speculation lifted Rush and Tompkins 6 to 248p.

P & O Deferred remained popular and rose 6 further to 304p on hopes that the Monopolies Commission will soon celar the Trafalgar House bid. Ocean Transport reflected publications.

Ocean Transport reflected publicity given to a broker's recommendation and closed with a similar gain at 131p, after

In South African Industrials, Messina dropped 15 more to 295p on further roosideration of the poor annual results.

Lister again dominated proceedings in Textiles, jumping 13 afresh to 77p 00 persistent speculative buying fuelled by suggestions of a bid from 1CL already the owner of a 19 per reoi stake in the company. Elsewhere, Harold Ingram put on 10 where, Harold Ingram put on 10 to 330p and Robert H. Lowe firmed 3 to 29p. Tobaccos marked time awaiting today's Budget.

Oils close below best This week's batch of important trading statements inhibited Drinks attracted revived support and added 2; to 28p, while late demand diffed. Paterson Jenks 11 to 198p.

Hotels and Caterers were highlighted by Trusthouse Forte which met demand following the annual meeting and lowing the annual meeting and rose 9 to 1883-84 peak of 218p. Grand Metropolitan were quoted ex the one-for-five scrip issue and firmed 6 to 296p.

Steetley feature

Gains in the miscellaneous industrials lenders were usually limited to a few pence but mixed to benefit from reports and added 4 to 185p. Tricentrol and added 4 to 185p. Tricentrol of favourable medical findings for its anti-ulcer drug Zantac.

Estewhere, Steetley ingless and moved up to 500 prior to elosing a net 30 to 1880 prior to

sources revived and moved up to 500p prior to elosing a net 30 higher at 480p. Aran Energy firmed 4 to 64p. after 65p.

waiku61[4cubsienssng9 T HTH Golds easier

Last Friday's rise in South African Golds was short-lived and the market reacted to the easier bullion price. Once anain, gold dipped below the psychologically important \$400 per ounce level, touching \$395.75 at the afternoon fixing.

BTR edged up 6 to 475p await ing tomorrow's preliminary results. Elsewhere, Steetley the sults. Elsewhere in the sults. Elsewhere, Steetley the sults. Elsewhere in the sults. Elsewhere the sults. Elsewhere in the sults. Elsewhere in the sults. Elsewhere the sults. Elsewhere in the solution processor. Elsewhere

1933-84 peaks to show falls of around a point, although Vaal Reefs were particularly dull, down 11 at 194, while President Brand gave up 11 at £311.
Doornfontein, £181. Libanon, £281, and St. Helena, £271, all shed around 1, while Harmony, which disappointed with its receot interim dividend, shed } at £16!, the company is closing the Merriespruit uranium plant which currently accounts for 28 per cent of Harmony's uranium

output.
Similarly subdued conditions prevailed among Financials.
Charter hardened a coupls of pence to 237p, but Consolidated Gold Fields fell to 590p before Gold Fields fell to 590p before settled only 3½ lower on balance at 595p xd. Hampton Areas firmed 5 to 235p. Among South Africans, De Beers traded quietly to froot of today's preliminary results, ending a rouple of pence cheaper at 514n

A lacklustre showing from overnight Sydney - Melbourne was rlosed due to a public holiday—hindered business in day—hindered business in day—hindered business in day—hindered business in the state of t iday—hindered business in leading diversified Australians. London operators tended to hold off in front of todya's Budget and gains were generally restricted to a couple of pence. MIM firmed 6 to 220p and Western Mining hardeoed 3

Demand for Traded Options continued to decline with total contrarts strurk yesterday amounting to only 1.636—1.908 calls and 429 puts. Grand Metropolitan however attrarted a relatively lively business with 246 calls done, 204 in the April 306's. P & O recorded 154 calls, the majority of which calls, the majority of which were transarted in the May 300's, 20d 62 puts,

BECAUSE OF the depressed stats of the uranium merket the Barlow Rand group's Harmony gold and uranium mine in South Africa is to cease production at its Merriespruit uranium plant which provides 28 per cent of the mine's outputof the nuclear

existing stock of processed uranium is sufficient to meet the company's long term committed sales. Closing the Merriespruit plant will result in cost-savings" and beore small improvements in profits"

and beore small improvements in profits."

The company is considering the possibility of converting the plant into a gold recovery plant which could treat ore from the new Harmony No 4 shaft complex to 1986.

Net asset value of City and Foreign Investment Trust rose from 111.86p to 145.75p per share

**FIXED INTEREST STOCKS** 

EQUITIES

fasue price	55	Parties date	1983/84		Stock		+ or
	58	35,	Nigh	Low		Closin	<u> </u>
97.072 11 99.15 194.548 99.714 195.711 100 99.44 100 5 5	185 F.P. 226 F.P. 226 F.P. 236 126 127 F.P. 235 E.S. F.P. 235 E.S. F.P. 235 F.P. 235	24/7 1/7 38/3 89/8 6/4 15/6 14/3 12/7 13/4	2015 10669 8814 11159 3034 9934 108 2656 1004 10034 2875 10034	26 105p 854 1086p 275om 2434 98 1024 104 100 231 <sub>2</sub> 281 <sub>4</sub> 100 251 <sub>2</sub> 281 <sub>4</sub>	Asian Dev. 8k. 10 4 ½ Ln. 9009	106;p 2814 110;p 110;p 1071; 5314 207; 100: 1000; 1000; 1000; 1000; 1000;	+ 12 + 36 + 14 + 14 + 14 + 16 + 16 + 16 + 16 + 16 + 16
99,893	630 625	91/3	34 6	325a	Slough Ests, 1242 Uns, Ln. 2009, Spain 187 Ln. 1989 TR City of Landon 1112pc Deb. 2014.	5550	+ 0

"R	IGH	TS"	OFF	ER <u>S</u>			
leeun	nount Id up	Latest Renunc.	1983	5/84	Stock	Otesing	+ or
price	₹g	Care dete	High	Low		§ .	
68 550 A\$7.6 30 275 R.50 137 635 185 350	NET NEP. 0.00 では、 1.00 である。 2.00	2/6 12/5 0/3 8/3 14/5 16/3	968 80 518 800pm 168 980pm 95pm	128pm 215pm 138 64 507 850pm 150 810pm 211pm	Alrship inds. Units! Applied Computer 10p. Broken Hill Prop.A59. East 2aggo Options . Greenwich Cable Comm. Higgs & Nill. Liberty Life R.1. McCorquodale. E Micro Focus 10p. Shoofbank Property 10p. Shoofbank Property 10p.	980 50 318	+ 10 +2 -58 +2 +7 +7

First Last Last For Deal- Deal- Declara- Settle-ings ings tion ment Mar 5 Mar 16 June 14 June 25 Mar 19 Mar 30 June 28 Joly 9 Apr 2 Apr 13 July 12 July 23 For rate indications see end of Share Information Service Call options were transacted

Gas, Home Energy, Lonrho, Polly Peck, L. Texas, Smith and Nephew, Sound Diffusion, Barker and Dobson, Hawley, Harold Ingram, Energy, Wearwell, Comben, Audiotronic and Grand Metropolitan. A put was struck in UKO, while doubles were taken out in Eglington and London and Liverpool.

**NEW HIGHS AND LOWS FOR 1983/4** 

NEW HIGHS (135)

NEW LOWS (8)

RISES AND FALLS

# LONDON TRADED OPTIONS Com. Union 140 37 41 — 11<sub>0</sub> 160 30 24 28 5 20 11<sub>0</sub> 5 8 11 10 5 8 Grand Met. 250 54 68 - 9 3 (\*296) 975 39 58 46 4 8 300 13 18 88 10 20 325 3 - 32 -930 37 81 — 2 0 — 240 54 55 62 2 0 5 937 38 43 — 2 6 — 250 30 40 46 3 8 10 980 17 24 98 7 12 17 Shell Trans. 550 90 98 — 6 10 (\*658) 600 03 50 60 6 6 80 650 23 33 43 35 42 700 0 10 25 — —

CALLS

Vasi Reefe | 100 | 38½ | 41 | - | 01; | 2 | (\*\$137) | 110 | 28 | 51½ | - | 114 | 4½ | 120 | 90; | 88½ | 95; | 5; | 8 | 130 | 131; | 16½ | 19 | 7; | 111; | 140 | 7; | 11 | 131; | 13 | 17 Basa 300 28 37 45 112 5 11 (326) 030 3 10 28 10 20 26 Guest Keen 160 | 54 | 08 | 58 | t | 2 | 2 | 213; | 180 | 54 | 55 | 41 | t | 3 | 200 | 14 | 24 | 30 | 3 | 9 | 220 | 4 | 10 | 30 | 15 | 18 | 133 08 59 - 1 147 38 45 - 1 160 30 36 39 1 173 17 20 28 11 180 11 20 85 2 187 5 15 20 3 200 11e 10 14 16 7esco | 160 | 83 | 88 | 33 | 112 | 0 | 5 | 6 | 14 | 18 | 3 | 8 | 11

### FT-ACTUARIES SHARE INDICES These budices are the joint compilation of the Financial Times, the institute of Actuaries and the Faculty of Actuaries

Mon March 12 1984

	EQUITY GROUPS	M	on M	arch :	12 198	34	March	March 8	March 7	March 6	(approx)
Fig	& SUB-SECTIONS Figures in pursuitiens show immer of		Day's	Est. Earpings Yield %	Gross Div. Yield %		fades	Index	ledex	Index	Index
	stocks per section	No.	Change %	(45.)	# 30%)	(Net)	No.	No.	No.	No.	Nq.
<u>_</u>	CAPITAL 90005 (205)			8.46	3.50	15.23	599.81	507.72			468.81 455.00
. 2	Building Materials (24)	492.25		10.62	4.0	21.67	491.10 751.81	763.96	74.28		224.83
3	Contracting, Construction (34)	779.56	+11	12.04	3.84	18.31	1781.62				
4	Electricals (15)	1761. F	-12	8.94	214	15.81	1747.26	1234.5			8.80
.5	Bectronics (24)	234.44	-	10.30	4.77	11.95	238.96	238.40			211.77
8	Mechanical Engineering (63)	204.74	+86	7.92	5.67	16.46	205.50	201.20	201.55		174.21
9	Motors (17)	128.4%	+63	1.90	3.92		137.99	136.A4	134.71	135.62	97.98
10	Other lodustrial Materials (19)	677.4	+14	4.63	3.28	29.35	467.82	666.40	678.91	172.65	429.95
21	CONSTRUCT GROUP (196)	493.46		16.07	433	12.12	410.58	469.53			420.53
22	Brewert and Distillers (23)	472.90		22.56	5.02	9.84	474.33	476.73	477.83		461.32
25	Food Manufacturing (22)	393.98	+0.4	12.96	5.34	8.95	3/12/12	3%.18	394.35		346.29
26	Food Retailing (12)	1128.87		7.36	258	37.49	1111.58	1114.75			
27	Health and Household Products (9)	772.13	+11	6.19	2.86	18.96	763.71	755.64			74123
29	Leinere (23)	672.82	+1.4	8.61	4.20	14.96	443.54	642.47	644.78	662.11	511.19 743.45
32	Newspapers, Publishing (15)	1291.45	+0.5	7.58	3.92	15.76	1285.42				167.05
33 .	Packaging and Paper (3.5)	237.79	+0.8	10.35	4.21	22.93	256.02	231.54 440.22	237.84		363.12
34	Stores (47)	444.35		7.79	3.50	17.43	27155	272 13	274.51		291.40
55	Testiles (39)	272.80	+0.5	13.36	6.06	6.07	548.63	57.D	541.08		452.57
36	Tobaccos (3)	540.60	+0.1	11.23	5.77		459.73	452.05			307.55
- 39	Other Consumer (8)	460,19	+0.1	9.07	432	13:27	431.38	436.67			338.39
47	OTHER GROUPS (83)	72.22	+0.2	23.38	4.91	10.54	330.01	581.53	589.44	599.99	435.10
42	Chemicals (16)	249.34	+0.5	7.16	5.28	1841	239.66	136.42	138.01	134.66	109.16
45	Shipping and Transport (1.4)	295.31	+0.5	7.07	4.53	19.07	\$90.55	878.57	875.79	869.93	626.68
46	Miscellaneous (460	590.96	-	7.97	3.66	15.83	599.93	587.97	570.68	387.25	483.17
49		496.38	+0.5	9.39	3.95	13.18	414.35	492.50	494.33	494.79	424.11
5		2037.30	+15	10.78	5.72	11.29	1021.76	1,034 40	1925.04	1049.63	149.23
5		541.66	+0.6	9.62	4.24	12.83	538.30	537.84	538.75	541.21	451.00
		386.07	1	-	5.19	-	386.25	383.00	381.92	382.28	334.22
62	Principle search (121)	407.66		23.84	6.66	5.18	417.30	41137	485.17		355.76
65	Backs(6)	455.34			6.19		455.21	455.00	459.56		306.12
65		483.14	+10		4.66	l	478.23	473.53	476.30	465.74	390.47
66	Insurance (Composite) (9)	259.19	+05	1 _	6.58	-	258.67	251.44	253.49	250.97	198,49
67	insurance Brokers(6)	635.97	+0.4	10.76	4.53	12.80	433.74	628.44	421.85		57283
68	Harden Dade (12)	242.45	-0.4	_	3.91	-	20.6	243.72	245.11	2625	161.15
69	Merchant Baris (12) Property (53)	577.12	+14	5.19	3.44	25.87	544.14	563.51	568.62		472.24
	Other Financial (18)	278.65		10.15	4.95	11.72	278.71	277.04	274.49	273.75	252.55
70.		497.50	+03		3.62		476.07	495.24	498.36	496.44	GLE
77	Investment Trusts (106)	319.07	-8.7	2.35	4.57	14.46	327.00	313.68	315.85	319.91	254.33
81	Missing Floatet (4)			7.94	6.58	16.85	568.48	572.10		574.96	441.47
91	Orersens Traders (15)	F/10 / 4	105		44	_	31.35			500.55	47.4
99	ALL-SHARE HADEX (746)	303,94	703		,					-	
	FIVEN INTERE	¢T.				CE CR	DSS YHELDS		Mos March	Fri March	Year ago

FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS		Mos March 12	Fri March 9	Year ago (approx)
	PRICE THORES	Mon March 12	Day's change	Fri March 9	ad adj. today	nd adj. 1984 to dair	2 Compone 15	years	9.82 19.04 9.69	9.86 30.09 9.74	9,83 28,13 20,20
1 2 3 4	Syllish Suverseed Syears 5-15 years 0 Over 15 years 15 ye	119.25 133.76 142.75 154.09	+0.20 +0.37 +0.41 +0.50	139.02 133.26 142.16 153.33	-	1.% 2.45 2.53 1.62	4 Medium 5 5 Coupors 15 6 25 7 High 5 8 Coupors 15	yearsyearsyears	19.50 13.49 9.95 10.65	10:50 10:54 19:77 10:75 10:46 10:07 19:55	11.00 11.07 11.01 11.26 11.26 10.79
5	All Stocks	131.17 189.11	+0.32	131.45 199.23	0.56	230	11 Date & Lones 5 12 15	years	11.54 11.62 11.65	11.12 11.42 11.46	1213 1238 1248
			1072	27 X	0.13	277	10 Professor	t	11.92	31.90	12.A7

5396,80 24 7 - 7 June 10 1,50 30 0,60 32 0,50 April 1 4,70 5,70 F134.50 F.53.204 40 | 1.50 | 15 F.180; 41 | 9.80 5 28 F.900; 62 | 5.60 | 6 F.210 | 124 | 9.10 | 3 F.220; 40 | 1.50 | 28 F.170; 69 | 4.70 | 6 Fr.6500; 53 | 730 | 6 F.45; 346 | 4.50 B 97 F.50; 588 | 2 | 336 F.65; 993 | 0.50 | 6 F.40; 21 | 0.30 | 22 F.45; 374 | 1.60 | 66 F.60; 335 | 4 | 118 F7.7120 F.48 5,20 3,70 1,30 3,5 7.20 5.30 9.50 3.50 Barclays 420 140 — 1°549: 460 100 107 500 50 78 660 23 40 630 012 18

**EUROPEAN OPTIONS EXCHANGE** 

F,140 123 112.80 9 10.80 F,150 100 7.20 110 11.30 F,150 73 4.70 171 7.50 F,170 47 1.70 45 4.80 F,140; 367 1.90 B, 118 5 F.150 128 5.70 107 9.50 F,280 8 1.80 31 8

Continued on Pr.

# FT LONDON SHARE INFORMATION SERVICE

John Foord Co **BRITISH FUNDS** Five to Fifteen Years Over Fifteen Years EOANS

Building Societies

10014 99 | Noved 1114pc 19.384 | 100 | 100 | 1123 | 277 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

BUILDING INDUSTRY, **AMERICANS** CANADIANS BANK AND OSEAS.

| Commonwealth | Co BANKS, H.P. AND LEASING

| Residence | Property **ENGINEERING—Continued** DRAPERY—Continued 

y March 13 lag

THE PERSONAL PROPERTY OF THE PERSONAL PROPERTY

Section of the sectio

Pinancial Times Tuesday March 13 1984 PROPERTY—Continued LEISURE—Continued INVESTMENT TRUSTS-Cont. OIL AND GAS—Continued NOMURA OFFICES WORLOWIDE 3 Gracechusch Street EC3V OAD Telephone (01) 285 8811 MINES—continued Stack Price - Het Chr Gr TEXTILES

TOTAL

allowed outside (7)
25 Number of coins made at one time come by chance (6)
26 Seeing tension, ordered rest on board (6)

DOWN
1 Graduate so fundamental (5)
2 Sends back mild tobacco (7)
3 Mae gets confused with peopls coming out (9)

(9)

Health risk often seen in 8 (8)

Sallor directed to look up—they're not here! (9)

Enlist chaps on time to make register (8)

17 Old writer at bome tried novel (7)

18 Genuins bacause extremely rars (7)

rars (7) 21 Dismal swimmer (5)

22 Game started by Chinese baving cleven separate squares (5)

people coming out (9)

5 Fashionable to help up in

6 Washington admitted using this weapon (7)

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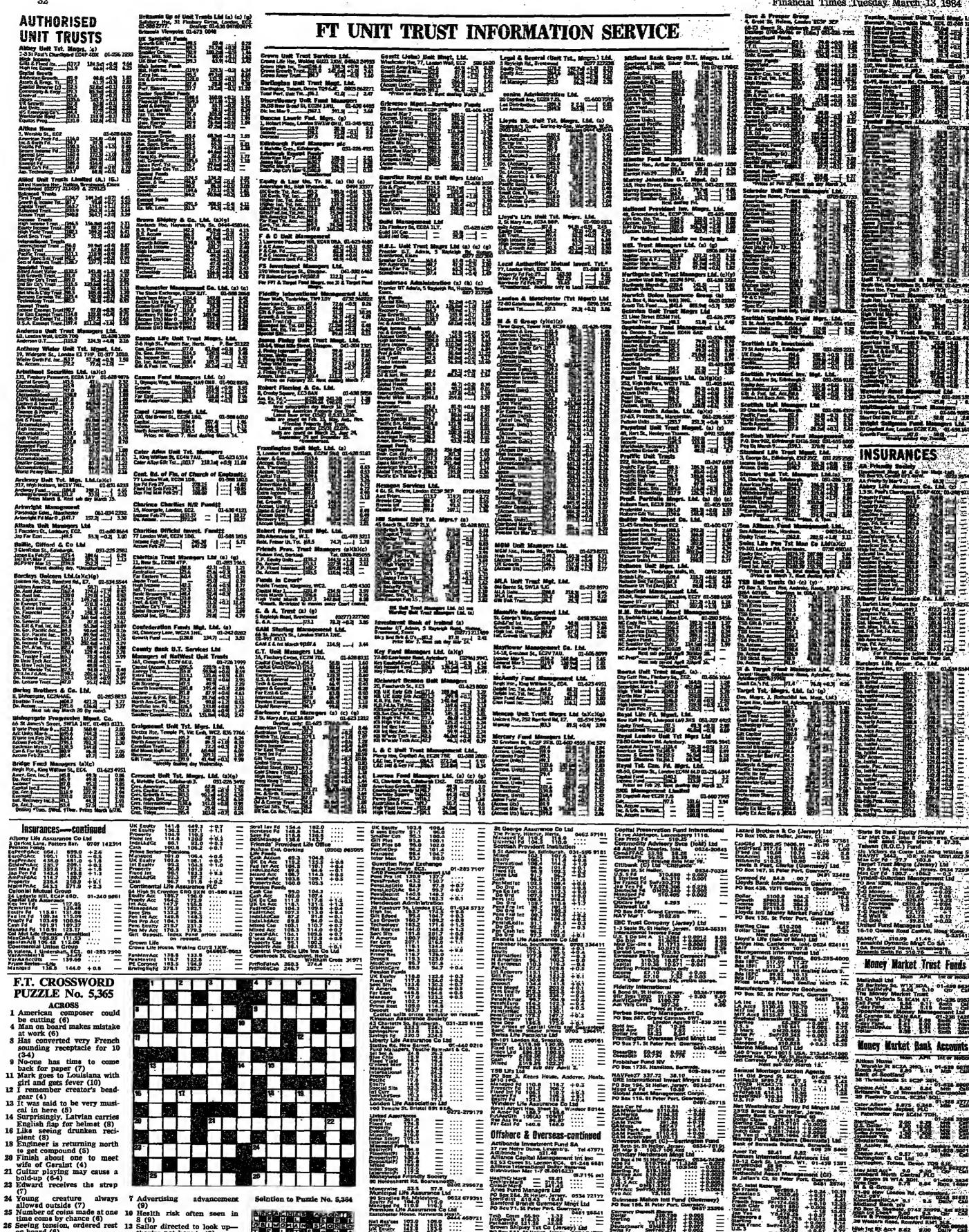
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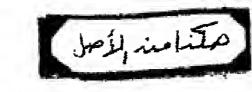
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FO Box 195, St Meller, Jersey, 0534 27551
Schroder Money Funds List





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Remarks that Treat and a second of the secon	Financial Times Tuesday March 13 1984  Stack Horse Life for Co. Ltd.  C. Lorence & 662  Old 201288 16 Footby Comm. Load ECOM 701 61-628 8131	·	Hambro Pacific Fund Morat. Ltd., Richmond Life Ass. Ltd. 2110. Compage Contr. Hard song 4 Hal Street, Occopies, 16M. 0624 23914
Hook 2 Page 1 Trail and a second of the seco	Messages (as, Fd., 147 8) 145 74	INSURANCE & OVERSEAS MANAGED FUNDS  1 Life Assurance Company Security Growth Assur. Co., Life. Signested Life Assurance Company Bank of America International S.A.	Fat Carl March 7 (\$4.6) 5.09 Con Trest 20.5 22.0 -0.22 Con Trest 20.5 22.0 C
Secretary and the secretary an	Battered Fel. 19. 19. 19. 19. 19. 19. 19. 19. 19. 19	Property Growth Assur. Co. Ltd.   Old-80 000   Stondard Life Assurance Company   Bank of America Informational S.A.   Leon Nore, Croydox CR9 ILU.   Old-80 000   Stondard Life Assurance Company   Bank of America Informational S.A.   Leon Nore, Croydox CR9 ILU.   Old-80 000   Stondard Life Assurance Company   Stondard Company   Stonda	P O But 86, Guermery.  G481-25521  Gardial Reserve Fund 117.43  C. Fund. 195.9  Servial Sits. Fund. 195.0  Servial Sits. Fund. 195.0  Serving Income Fund 112.1  117.8  117.5  Serving Income Fund 112.1  117.6  117.5  Salstan's C. Sa Peter Pt. Guerrery D481 207.0  Salstan's C. S
in Security (7)	Hartherts Rd, Raymores North. Desd 414222 1st. Manuel Band.  1704 1794   - Cond 5	# Mar 6   128.7   186.	PO Box 71, St. Peter Port, Guernsty ORB1 26541. See Editors coge Mon-Fri and Stock Enchange Declines page St. American (US cents) (165.) 1545
	Total Print, Car. 127 4 164 7	130 CHRIT-March 130 CHRIT-Marc	Prince Rev. Props
	Total Pers. Car. 1872   1887	CHIEF St., Britis, BSI OCA 0277-279179 Prop. Pron. Fd. 2992 - Sept. 1) Table St. Britis British British Street	Pacific led Fo
	Get der F mert waterent 1105 18.00 +0.00   American & Son 70, 274 3 275 19 +0.00   Indian F in 100 100 100 100 100 100 100 100 100 10	Stock Exchange Dealogs page Sat	UK GH (1), Fed. inc.). [31.0 117.00] 10.5 PO Box 194, St Heller, Jersey. 0534 27441 Int. Man. (Growth Fed. 117.181 191.0) +0.3 Specials Fed. 161.875 0.92641
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old Mar 6 Inc. Mar 7 Inc. Mar 7 Inc. Mar 9	Bud Mad Principles 225 9 256 Do. Accept 122 9 12 103 Emme	Second	I.C. Trust Managers Ltd. 10, St. George St. Dopolas, IoM 0624 25015   Par Eastern 25.05   7.07   10, St. George St. Dopolas, IoM 0624 25015   Par Eastern 25.05   7.07   10, St. George St. Dopolas, IoM 0624 25015   Par Eastern 25.05   7.07   10, St. George St. Geor
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TO THE STATE OF TH	Cilleffals Assertance Funds  11. New Street, EC28 6TP. 01.383 9933  12. New Street, EC28 6TP. 01.383 9933  Nameno Grooth	Call Investments (Lastly Limited   Call Investmen	20a Broad St, St Heter, Joy, Cl 0534 77522  Gitt Growth Fund (27 /6 102) 11.75  Gitt Income Fund (27 /6 102) 11.75  Gitt A Former Fund (47 /6 102) 12.75  Gitt A Former Fund (47 /6 102)
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Company of the compan	Elerical Medical & Sen. Life Ass. Soc. Pen. D.A.F. Acc. 2019 15, St. Inners's Sq. SWIY 41.6. 01-930-5474 Pen Morano Co. 2019 15, St. Inners's Sq. SWIY 41.6. 01-930-5474 Pen Morano Co. 2019 15, St. Inners's Sq. SwiY 41.6. 01-930-5474 Pen Morano Co. 2019 15, St. Inners's Sq. SwiY 41.6. 01-930-5474 Pen Morano Co. 2019 15, SwiY 41.6. 15,	79 (Actioned [1407 155-2]   Technology   Tech	Securities Selection Ltd. Securities Selecti
The second secon	Stand Fund tall 115.4 27.5 Property Fund 117.8 51.4 Income 123.5 5	Tech Prov. Acc. 1841 St. 7 - 8. 9 Sectal State State St. 7 Sectal St. 7 Sectal State State	KB. Eurobood Inc
com forcers 1553 1553 1553 1553 1553 1553 1553 155	Index Listed Fd Int., 87 A  Do. According Fund. 155 5  Societ Ex. Feb. Intel. 173 A  Societ Ex.	Production Assurance Co.	Karra lettermitional Trust Fund Man: Korea Invest. Trust Co Ltd. th Victors do Come Ltd. King William Speet, Ludon, EC4. NAV won 8,101.71. joR wher US\$10,199.81. The Korea Trust  Strategic Metal Tr(50.804 0.841)
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# Further fall in copper stocks boosts market

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose in active London Metal Exchange yester-day following another sharp fall in stocks. The bigher grade three months quotation closed £7.5 up at £1,038.25 a tonce. Holdings of copper in the LME warehouses dropped by 23,725 tonnes to a total of 354,200 tonnes. The stocks have

now fallen for five successive weeks and are \$1,775 tonnes below the five year peak of 435,975 tonnes reached in mid January.

There is believed to be improved demand for copper in Europe, and at the same time some of the supplies normally shipped to the LME warehouses is being diverted to cover Stocks held to the New York

copper market (Comex) ware-houses have shown little change in recent weeks remaining over 400,000 short tons. However, U.S. domestic producer prices Legal documents clearing the way for the hnilding of head-quarters and laboratories for International Tin Research Institute were formally handed over yesterday at the Brunel University Science Park, Uxbridge. Mr Adeboye Ojo, Nigerian

chairman of the International Tin Research Council, said the decision to acquire the 2 -acre site on the edge of the Brunel campus reflected the determination by producing ing research and develop-ment for tin. The Research Council was formed in 1932.

its hase selling price by 2 cents to 72 cents a pound, effective immediately last night. A hefty fall in stocks last

week also boosted lead. Ware-house holdings of lead declined by 9.350 to 150,325 tonnes. They were at an all-time peak of

215,075 tonnes in October last year.
Zinc values, however, fsiled

to respond to a stocks fell of 4,600 reducing total warehouse holdings to a lowly 66,850 tonnes. The three months quotation after reaching £699 in early dealings was hit by heavy profit-taking sales and closed at £689.5 s tonne, £8.25 lower than Friday. Surprisingly, in view of the

stocks decline, cash zinc lost £11.5 to £716. Noranda of Canada the world's biggest zinc producer. confirmed it was increasing its U.S. selling price by 2 cents to 53 cents a lb — a similar rise to that announced by St Joe Resources lest week. It also followed St Joe's example In raising its U.S. lead selling price by 1 cent to 25 cents a lh. Aluminium stocks in the LME warehouses dipped by 3,375 to 203,275 tonnes. Non-Communist world stocks of

primary aluminium, however, rose elightly in January to

The Clearing House refusal to register the contracts, due to a dispute as to wbether the sale had been authorised was shorply criticised by traders. The Palm Oil Refiners Association accused the Clearing House of running away from the un-pleasant duty of enforcing the

certainty remains on the trading floor, traders reported yester-

There is continued nervousness about what action the management of the Kuala market and sent turnover plung-ing to the lowest levels for many (KLCE), or the KLCCH, will

> Linzeed Crude ‡ £428 Palm Malayan \$725z +1S 8760

> > t Unquoted. u April. x May. z June. v April-May. w March-April. † Per 75 lb

**GAS OIL FUTURES** 

Seeds Copra Phil. .... \$740v Sovabean(U.S.I, \$324-

To try to curb excessive speculation and to prevent further disputes from arising, the Clearing House is insisting prompt payments of deposits and the introduction of a daily checklist on the previous day's trade. Contracts will only be registered after confirmation of

# **UK** farmers accused of hoarding potatoes

Financial Times Reporter
UK FARMERS have been
accused of hoarding potatoes in accused of hoarding potatoes in the hope that the price will rise.

McCsin Foods put 400 workers on short-time yesterday at its frozen chip factory at Whittlesey, Cambridgeshire, because, it said, it could not the get sufficient potatoes at the right price to maintain full

The company is believed to be paying £160 a tonne at the moment, but prices are expected to reach £200 a tonne.
"It is not profitable for us to pay more than £160 a tonne, so we are switching to a fourday week," the company said. Mr John Hoyles, chairman of the National Farmers' Union's potato committee said:
"Farmers are businessmen and
if they think the price will rise,
then they will keep stocks
back."

● WORLD SUGAR prices ral-lied sharply following the recent decline. Following the New York market's strong performance on Friday-largely due to chart-based speculative buying— the London dally raws price was

the London dally raws price was fixed £6 higher yesterday morning at £114.50 s tonne.

• U.S. coffee roastings in the week ended March 3 totalled about 300,000 bags (60 kilos each), compared with 290,000 bags in the same week last year, • JAPANESE WOOL purchases rose to 159,922 bales of 160 kilos in February, up from 36.5 per cent from January and 15.1 per cent from February 1983. TALKS aimed at negotiating

a new International Cocos
Agreement started in London
yesterday. The preparatory
talks, stiended by leading cocoa
exporting and importing
countries, are aimed at preparing the way for a full permitating the way for a full negotiatde. Contracts will only be intered after confirmation of checklist by both buyers is sellers.

ting conference planned to be held in Geneva from May 7 to 25. The current pact expires at the end of this year.

# Questioning the quality of Britain's beef

Richard Mooney on evidence of

decline in the quality of cattle produced in Britain over recent produced in Britain over recent years has been parily respons-ible for a slump in beef sales are supported by the findings of a study by the UK Meat and Livestock Commission (MLC). The MLC study confirmed that

consumers were able to discern a significant difference in quality between meat from animals produced primarily for the dairy industry and those produced specifically for beef Results of the Ministry of Agriculture's December farm census Illustrated the continuing trend, encouraged by gener-ous EEC support, towards dairy oroduction and sway from beef. The dairy berd was up 1.8 per cent from December 1982 at 3.4m bead while the beef herd was down 2.4 per cent at 1.35m. The beef trade has been concerned, however, not simply about the increasing domination of the dairy berd but also the grester concentration in the

a decline in cattle standards

Federation. "Now it seems to be little more than an after-thought."

mg increasingly popular in the dairy industry. Participants generally ex-pressed a preference for the Aberdeen-Angus beef in terms

of tenderness, juiciness and flavour and overall 67.5 per cent had a "favourable" re-

dairy industry on cattle with high milk yields but poor mest producing qualities.

"The beef industry has always relied on the dairy industry, of which it is largely large enough to be important in the market," said Mr. Champlon of the Meat Tradars' Federation. "Now it same to discover the compared with 58 per cent for the Friedram/Holstein beef.

"The difference highlighted by our work is, we consider, large enough to be important in the market," said Mr. Geoffrey Harrington, MIC's. by our work is, we consider, large enough to be important in the market," said Mr. Geoffrey Harrington, MLC's director of planning and development.

thought."

The MLC study compared consumer reaction to meat from Aberdeen-Angus beef animals and Frieslan/Holstein crossbreeds, which are becoming increasingly popular in the dairy industry.

"But one thing to emerge from our study is that beef from our study is that beef from consumers. This confirms the good quality ratings which British beef achieves in our large increasingly popular in the surrous from consumers. survey into consumer atti-

tuges.

The butchers, however, were concerned that consumer spproval of beef quality did not seem to be strong enough to support its high price relative

sagged since reaching a post war peak in 1979 of 22.5 kilos per person per year. It felt to 18.3 kilos in 1982, the last full year for which figures are availpolity meat consumption ruse from 13.3 kilos to 14.4 kilos per person per week and small rises were also registered for

MLC did not make any specific recommendations but stresseds that proper handling of meat from farm to shop was

to producers and retailers to decide whether consumer perception of beef quality was sufficient to justify the extra expense involved in tighter quality control to riduce variation, or identification of beef in different categories so that consumer knew what they were harding.

# Compromise on palm oil futures agreed

THE KUALA LUMPUR Com-Clearing (KLCCH) has howed to pressure and agreed to register a sale of 761 lots of palm oil futures which it refused to accept two

The decision came after talks over the weekend with Mr Paul Leong, Malaysian Minister of Primary Industries, and Tun Ismail Ali, chairman of the Commodities Trading Council.

It was the refusal of the KLCCH to the register contracts. of 25 tonnes each, worth an estimated \$US10m, that sparked off a crisis of confidence in the

PRICE CHANGES

The gas oil market deened slightly

lower and remained weaker throughout the day. It Ireded in very thin yolume and through a narrow price range. A arronger doller appeared to inhibit European particloarion. The U.S. markets wern also very quiet, reports Premier Man.

Wolfram23,8410)881/84

SPOT PRICES

CRUDE OIL-FOS (\$ per barrel)

**GOLD MARKETS** 

Gold fell \$4 an ounce from Friday's close in the Loodon

fixed at FFr 102,400 per kilo (\$396.43 per ounce) in the after-

noon compared with FFr 102,400 (\$397.00) in the morning and FFr 102,200 (\$399.76) on Friday

In Luxembourg the dollar per

LONDON OIL

1+1 |875:78 -115 £700,78

change + or —

(8 per tonns)

Mar. 19 + or Month 1984 — ago 1

in tonnee Unless stated otherwise

months, as traders beld off from take next.

Some traders fear that the KLCE might introduce emer-gency regulations under the Commodities Trading Act, allowing it to suspend or limit trading, directing sny open contracts to be settled at prices determined by the KLCE.

### India tightens controls on tea exports By P. C. Mahanti in Calcutta

INDIA HAS tightened

controls on tea exports, sold privately outside the suctions. Under new regulations, all export contracts entered into from March 8 have to be regis-tered with the Indian Tea Board. They will have to be accompanied by valuation reports from one of a panel of brokers nominated by the board in Calcutta and Cocbin.

The new system is believed to be aimed at preventing orivate exporters of tes " under invoicing prices deliberately as a means of transferring profits outside the country.
Our Commodities Staff writes: Prices were again little changed at the London weekly

# N. Zealand meat workers threaten national strike

NEW ZEALAND'S powerful tomorrow to decide future wage meat workers union, whose members process all export lamb for Britain and other markets, bas threatened a national strike from next tiate with their employ Monday unless the Government a new wage agreement. agrees to a general wage crease for all workers.

New Zealand's price freeze ended on March 1 but the general wage freeze has con-tinued. The Government and Federation of Labour have continued discussions on how wages will be negotiated at the end of the freeze.

In theory the freeze will end in April However, that will not mean unions will have the right to negotiate an unlimited wage increase. . Sir Robert Muldoon, the Prime Minister, said that any

tea auctions yesterday. Indicative quotations for quality and low medium quality wage increase should not exceed 3 or 4 per cent. The Government and Federateas were unchanged at 302p and 224p a kilo respectively. tion of Labour meet Sir Robert shipment late last year.

The workers say they want an immediate wage increase from April 1 and the right to nego tiate with their employers for

New Zealand's wage freeze has been operating for 18 months. Some trade unions say a 10 per cent increase is needed to catch np with price rises. • New Zealand's Meat Board is trying to avert a controversy over halal certification which could affect lamb and beef exports to Middle Eastern coun

The United Arab Emirates, part of a market worth NZ\$60m in the Arabian Gulf States, has given the board until the end of March to sort out its helal certification. Kuwait refuses to accept New Zealand's certification and turned back a 70-tonne

### Jamaica urges U.S. bauxite group to stav

THE Jamaican Government is attempting to ensure that the Reynolds Metals Company of the U.S. containes its bauxite mining and shipping operations on the island.

The company amounced last week that it was terminating its operations, which has a capacity

of 2m tonnes a year.

Mr Hugh Bart, the Jamaican
Mining Minister, said proposals
had been made to the parent
company for the continued
operations of the mines.

The company's decision came
when I amaica the posion came when Jamaica, the world's third

when Jamaica, the world's third hargest bauxite producer, was anticipating an increase in output later this year.

Mr. Edward Seaga, the Jamaican Prime Minister and Finance Minister, said the decision by Reynolds would cost the Jamaican economy—530m a year.

F...

tri ining in

4 . . .

# **BRITISH COMMODITY PRICES**

### BASE METALS Mar. 19 + or Month COPPER

Turnover: 41,925 tannes. U.5, producere 72,00-74,00 cents per pound. Nigh Ordo £ £ £

Tsr.—Morning: Standard: Cash £8670, three months £8750, 80, 95, 65, 61, 65, 70, 76, 72, 75, 76, 75. High Grade: Cesh £8670, three months £8765, 95, Keth: Stendard: Three months £8765, 70, Alternoon: Standard: Three months £8765, 70, 75, 76, 77, 76, 77, High Grade: Three months £8800. Kerb: Standard: Three months £8800. Kerb: Standard: Three months £8775, 70. Turnover: 2,445 tonnos.

8 U.S. per tonne 254.00 — 1.00 254.50-254.0 250.75 — 0.75 251.50 250.8 47.50 — 1.00 258.26 241.5 247.50 — 0.50 241.75-249.5 — 0.50 251.75-250.5 253.50 — 0.50 251.75-250.5 255.50 — 0.50 — 0.50 251.75-250.5 255.50 — 0.50 — 0.251 — 0 CRUDE OIL FUTURES # U.S. per bri 31,10 30,98 30,60 50,60 30,60 50,40 + 0.08 + 0.10 + 0.10 + 0.10

+ 0.40

(\$398.02 per ounce) against DM 33,280 (\$402.48) and closed at \$395-396 from \$3991.4001. in Zurich gold finished st \$3961-3971 from \$400-4001.

bullion market yesterday to finish at \$3971-398. The metal opeoed at \$395-3981 and traded between a high of \$3981-3991 and 9 low of \$3951-396.

In Paris the 121 kilo bar was find the first the 121 kilo bar was find the first the 122 kilo bar was find the first the fir **LONDON FUTURES** rest'days + or Susiness S per troy ouage 

ounce equivelent of the 124 kilo bar was \$397.65 from \$401.60 pn

In Frankfurt the 12½ kilo bar was fixed at DM 33,350 per kilo Turnover: 548 locs of 100 tray ounces. Krugrnd \$410/4-411
lg Krug. \$9114-5151g
l4 Krug. \$108 1081;
l/16 Krug. \$440 444;
Mepleleal \$410 4104
New Sov. \$541g S5
lg New Sov. \$564, 67 (£288|s\_08234|\*King Sov \$5314.90 (£641s\_881s) (£1403\_14014|\*Victoria Sov \$9314.95 (£641s\_657s\_1 £7414| French 20s\_781s\_9514.2541s\_65) (£301\_301s\_1 50 Pesos Mex3491.493 (£338-63914) (£3881\_98234|100 Cor\_Aust\_0890\_394 (£2881s\_98234|100 Cor\_Aust\_0890\_394 (£2881s\_98234|100 Cor\_Aust\_0890\_394 (£2881s\_981s\_9711s\_1 £685\_51s\_1 \$50 Eagles\_6000 010 (£415\_4193\_s) (£685\_51s\_1 \$50 Eagles\_6000 010 (£415\_4193\_s) (£685\_51s\_1 \$50 Eagles\_6000 010 (£415\_4193\_s)

# **EUROPEAN MARKETS**

ROTTERDAM, March 12.
Wheat—[U.S.\$ gar ronne]: U.S. Two
June 10/July 10 151. U.S. Two Northern
Spring 14 per cent protein Merch 198,
Aprif/Mey 10 178, May 178, June 178,
July 178, Aug 172, Sept 170, Ocr 173.
U.S. Three Herd Amer Ourum April/Mey
182, Soot 180, Ocr 181.50, Nov 181.50
Canadian One Western Amber Ourum
April/Mey 206, June 207, Nov 200,
Meize—(U.S.\$ gar tonne); U.S. Three

Yellow afloar 162, March 162, April 180.50, May 160.75, June 180, July/Sepr 157, Oct/Ooc 138 sellers. Argentine Plata mid-Feb/mid-March 168, March 20/April 20 158, April 156, April/June 158 sellers. Soyebears—(U.S.\$ par tonne): U.S. Two Yallow Guilports March 91S, April 317.25. May 317.50. June 317.80. July 919.30, Aug 91S.75, Sept 305.25, Oct 287.75, Nov 287. Oec 290.10, Jen 294.20,

Amelyemared Metal Trading reported that in the morring cash Higher Grade traded at £1016, three months £1038, 37, 37, 50, 38, 37, 36, 50, Cathodes: Cash £1006, 5. Korb: Higher Grade: Three months £1036, 35, 50, 35, Alternoon: Higher Grade: Three months £1036, 35, 30, 38, 38, 50, 38, 38, 38, 50, 39, 38, 50, 39, 38, 50, 39, 38, 50, 39, 38, 50, 39, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 38, 50, 38, 50, 38, 50, 38, 50, 38, 50, 38, 50, 58, 58, 50, 58, 58, 58, 58

Other commodities | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 | -5 | 51960 Gathodes | 1004.5 +8.5 | 1006-7 +5.75 | 7 months | 1024.5 +11 | 1026-7 +6 | Settlem L | 1005 | 1+9 |

Lead—Morning: Three months £320, 20.50, 20. 19.50, 19. 18, 17, 18, 17.50, 17. Kerb: Three months £317, 16.50, 16. Afternoon: Three months £317, 17.50, 18, 19, 20, 19, 19.50, Kerb: Three months £316 50, 19, 18. Turnover: 12.900 ronnes. U.S. spot 25.00-28.00 cents per pound. LEAD Official - Unofficial -t ZINC

£ 2 £ 2.715-7 -11,5 503-4 -..75 689-90 +8,25 -----

ALUMINIUM

uminium—Moming: Three months 8, 39, 40, 41, 40,50, 40, 39, 38, 0, 38, 38.50, 38, 37,50, Kerb: 18 months £1037, 30, 37, After-1: Three months £1037, 36,50, 37, Kerb: Three months £1039, 38.50, Tumover: 15.300 tonnee. Aluminim a.m. + or p.m. + or t.m. | -†
Official - | Unofficial |
Spot ..... | 1013,5.4 + .75 | 1014.5 + 3
months | 1037,5.6 + 3.5 | 1037,5.8 + 4.5

NICKEL Nicks1—Morning: Cesh £3305, three ionths £3370, 75, 72, 73, 74. After-don: Three months £3350, 40, 45, 50, 8, 45. Kerb: Three monthe £3345, 35. Tumover: 3,942 ronnes.

# SILVER

Silver was fixed 5.Sp an ounce lower for appt delivery in the London buillion market yesterday at 668,8p. U.5. equivalents of the fixing levels were; appol \$9,692, down 18c; three-month \$9.94. down 17.5c; six-month \$10.207. down 19c; end 12-month \$10.778, down 18.9c. The metal opened at 669-6721-p (\$9.74-\$9.77) and closed at 669-6721-p (\$9.64-\$9.67). LME—Silver (2,000 az contract); cash -684.5p-(676.5p); three months 682p (690.5p). Turnover; nil (1).

SILVER Surnon + or L.M.E. + or p.m. - p.m. - troy oz. piles Unofficil Turnever: 122 (83) lots of 10,000 pz.
Moraing: Large cash 689.0; three months 685.0. 84.0, 85.0. Kerb: large three months 684.0. Afternoon: large three months 680.0. Kerb: large three months 690.0. Kerb: large three months 679.0.

# COCOA

A quiet day saw prices begin eteadily, with commission houses buying from the trade. Further trade selling end position squaring took prices back to unchanged by the close. Manufecturers end origins were withdrawn, reports Gill and Ouffue.

[Yesterday a]

Eper Jonne

Eper J Seres: 5,335 (1950); tonnas. ICCO indicator prices (U.S. cente per pound). Oeily prices for Merch 9: 112.08 (109.83); five-day sverage for Mesch 12: 111.40 (111.81).

COFFEE

Oseprte sarly commission house support, trads and desier selling crosted a weater them annopated cosning, roports Oreval Sunham Lambert. Outing a quest aftention values recursed to should unchanged levels but, in thin conditions, romained Close Cose

March 9130 50 -9.6 2160 18
May 1836 37 +3.0 1941 85
July 1874 75 +1.6 1975 66
Sept 1995 87 +3.6 1830 18
Nov. 1796 97 - 1800 93
January 1796 67 +5.0 1769 60
March 1788 24 +8.0 1784 20 6ales: 2.747 (5.925) lots of 5 tonnes. ICO Indicator prices (U.5, cante por pound) 1ob Merch & Comp. daily 1979 142.51 (143.45); 15-day average 143.07 (143.05).

# GRAINS

Business done—Wheat: Merch 125.60 only, May 128.35-127.70, July 130.35-129.80, Sept 110.00-109.20, Nov 112.85-129.80, Sept 110.00-109.20, Nov 112.85-112.35, Jen 115.50-115.35, Seles: 244 lots of 100 ronnes. Barley: Merch 121.50-130.95, May 122.75-122.25, Sopr 105.80-105.5, Nov 110.00-109.40, Jen untraded, Seles: 176 lots of 100 transe. HGCA — Locational av.-term apol prices. Feed berley: E Mide 120.20, Scorland 120.00, The UK monerary coefficient to: the weak beginning Monday March 16 (besed on HGCA calculations using lour days' exchange rates) is expected to change to 0.363. LONDON GRAINS—Wheel: U.S. Oark Northern Spring No 1 14 por cent March 145. April/May 132.79, June 132.50 sellers transhipment East Coast. English leed lob Apoli/June 130.50 seller East Coast. Malza: Fiench second hell March 147.50 seller East Coast. Recipied Least Coast. Barley: English leed lob spot 124-125 seller East Coast. Recipied Least Coast. Seriey: English leed lob spot 124-125 seller East Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Least Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Least Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Barley: English Lead Lob Spot 124-125 seller East Coast. Recipied Lead Lob Spot 124-125 seller East Coast. Re BARLEY -0.40 185.75 -0.25 -0.40 185.75 -0.26 -0.40 106.55 -p.40 -0.50 109.55 -0.55 -0.85 118.10 -0.50 106.00 187.80 188.95 109.79 119.70 115.75 Old Crops opened unchanged. Wheer values seed on prohreshing but at 50p down buying support steaded the marker which then improved slightly.

**POTATOES** 

The market was quiet following Dutch lurures. Early trade was around £2.00 higher, but prices eased to second £3.00 down in the elemoon before recovering at the class, raports Coley and Nerper.

Sales: 657 (827) lots of 40 tonnes.

# RUBBER

The London physical market opened about unchanged, mar buying interest throughout the day and closed quiet but steady, reports Lowis and Peat. (Ne Kusia Lumpur April lob price to 1858 No 1 was 283.5 (264.5) conts a kg and for SMR 20 239.5 (240.0).

Apr.......808-825 765-810 May .....815-885 801-815 Api-Inc.,618-820 801-815 Ily-Sept,659-860 858-840 Oct-Inc. 675-880 860-861 Jannech 969-900 877-880 Api-Inc.,918-820 896-988 Ily-Sept 988-935 811-613 Oct-Dec 948-960 820-941 818-818

5eles: 232 (74) lots of 1S tonnes. Physical closing pricas (buyers) apol 81.00p (80.00p); April 84.00p (83.00p), May 85.00p (84.00p). SOYABEAN MEAL The market opened 80p up lallow-through buying litting p reports T. G. Roddick, The m remained stoody throughout the

2

### Selee: 69 (35) lots of 100 tonnee. SUGAR

LONDON II.AILY PRICE—Raw auger £114.50 (\$156.50), up £5.50 o tonne for March.April delivery. White augar \$184.50, up \$6.50.

The market was initially unable to maintain the higher levelo resulting irem the pro-weekend relly in New York and prices eased some \$3.00.

These losses were recovered ioliowing improving New York quotaripne, roperts C. Czamickov. SUGAR

Np. 4 Yestday's Con-tract -- 128.60 (119.75-29.60 129.00-19.78 No. 8 Contract 5 per tonne

May ..... [85,80 - 177,2 177,6 1107,46-77,90

Aug ..... [200,40 - 197,5 192,0 201,00-90,50

Oct .... - 210,20 - 292,221,60-92,60

Rec .... [216,2-160.5 908,4-208,6 218,00-10,00

Mor .... [235,0-35,00 225,8-228,0 225,00-22,60

Aug .... 240,9 41,80 262,0 225,0 228,40

Aug .... 244,0-82,00 241,0-245,0 1248,00-30,50

Seles: No. A. 624, (3181). No. 0, 6, 231

LONDON NEW ZEALAND CROSS-AREDS—Close in order buyer, seller, business! New Zeoland cents per kg. March 418, 422, nil! May 428, 432, 434-430; Aug 456, 457, 460-457; Oct 457, 458, 461-457; Occ 456, 498, 460-488; Jen 457, 488, 461-458; March 464, 466, 463-455; May 470, 471, 474-370; Aug 481, 483, 483-481, Seles: 133. COTTON

emounted is 362 tonnes. Orders were main extensive and business remained brisk. As customers dealt with the workend domand useful contracts were erranged on Middle Eastern secoont. African qualities were also sought on a broader scale.

- INDICES FINANCIAL TIMES Mar. 9 Mar. 8 M'th ago Y'ar ago 300.06 | 299.90; 293.28 | 261.67 REUTERS

Mar. 8 Mar. 8.M'th ago Y'ar ago 1967.8 1959.6 1983.0 1716.0 (Base: September 18 1931-100) Mar. 7 Mar. 8 M'th ago Yourago 1068.8 1067.1 1054.9 1029.8

DOW JONES Dow Mar. Mar. Month Year Jones 7 5 880 890 5pot 141.55 141.98 157.56 135.67 Fut's 1144.85 146.48 139.49 140.68 (Sase: December 31 1974-100)

# MEAT/FISH

SMITHFIELD—Pence per pound. Beef —Scotch killed sides 77.00-83.0; Vest— Nutch hinds and sands 125.0-85.0, redium 84.0-88.0, heevy 80.0-84.0; Imported: New Zealend PL (new season] 65.0-66.0, Port—English under 100 ib 53.0-58.8, 100.120 ib 51.5-27, 270-150 ib 55.0-58.8. 100-120 lb 51.5-57.3, 120-160 lb 45.0-52.0. MEAT COMMISSION—Average lst-COVENT GARDEN-Prices for the

COVERT CARNEDS—Trees of the service of the control of produce, in esterling per package unless otherwise stated. English produces: Appless—Per pound Cox's 0.18-0.32, Ide Red 0.14.0.16, Golden 0.61cious 0.19-0.12, Bromley 0.17-0.24, Laxton 0.12-0.15, Pears — Per pound Comice 0.18-0.22, Conference 0.09-0.20, Potatoes—Whires 4.80-5.40, Edwards 5.80-6.00, Sekers 7.00-8.50; new Isla of Section of the control of t

AMERICAN MARKETS -

Oold and aliver were seder pressure from long liquidestions. Conton was firm on comform long liquidestion on this general attangth of the dollar along with the conomy could force a frederial Reserve balled that the strength of the U.S. according along out after the close, according could force a frederial Reserve tightening, report, Hednald Commodities. Copper moved lower in aympethy with gold end silver as the market falled to react to the sheep threatened with confidence of the control of the c of producer seles along with the feel-of producer seles along with the feel-ling that Friday's rolly was overdone encouraged a weaker tone to sugar-cocopy structed fight manufacture poicing which provided support at us-changed levels. Colleg was noder light

NEW YORK

75.95 CHICAGO LIVE CATTLE 40,000%, conts/lb ...

Close fligh Low Prov 71.72 71.97 71.37 71.82 68.60 68.10 68.55 68.15 65.27 65.45 65.00 65.40 63.30 63.50 63.27 63.46 64.00 64.25 63.95 64.12 63.72 63.80 83.70 63.95 COFFEE "C" 37,000th, cents/lb April June Aug Oct Dec Feb LIVE HOGS 30,000 lbs, cents/lb April 47.12 47.20 46.65 46.82
June 53.80 54.06 53.27 53.70
July 55.15 55.37 54.70 56.55
August 54.55 54.65 54.10 54.65
Oct 51.77 52.20 57.30 57.30 57.57
Dac 52.76 52.95 52.90 53.16
Feb 52.76 52.75 52.50 50.00 50.35 COPPER 26,000 lbs, cents/lb \$8.10 69.40 70.70 72.75 74.65 76.00 77.36 MAIZE S.000 bu min. cents/5676-1 Close High Low 243.0 245.0 342.4 243.2 245.4 342.4 340.4 342.4 339.4 372.2 373.4 370.2 294.0 294.5 291.0 203.0 303.4 306.6 74.50 76.00 77.10 COTTON 50,000lb, cents/ib High 76.80 81.20 81.45 77.00 75.00 PORK SELLIES 38,000 lbs, cents/lb 76.80 76.35 GOLD 100 troy oz \$/troy oz High 785.0 799.4 808.4 797.0 753.5 736.0 748.0 769.0 LOW Prov 772.4 283.4 788.0 286.4 789.0 807 0 789.4 786.0 785.4 786.0 730.0 737.2 742.0 748.4 754.0 771.0

## SOYAL

### SOYAL

# PLATINUM 50 troy oz, \$/troy oz ...

PLATINUM 50 troy oz, \$/troy oz ...

Ciosa High Low Prev 402.6 398.0 604.7 410.6 411.8 407.0 413.0 ...

Cet 418.4 420.0 415.5 423.6 ...

April 434.4 434.5 432.0 438.5 ...

April 434.4 434.5 432.0 438.5 ...

July 442.4 434.5 432.0 438.5 ... Close 962.0 982.0 982.0 989.3 1015.8 10452.3 1072.7 1094.0 1115.6 High Low Prev 378.0 989.0 989.0 989.0 989.0 989.0 989.0 989.0 989.0 989.0 989.0 989.0 989.0 1002.0 1

March May July Aug Sept Oct Dec Jan March

Frev 67.00 63.45 51.85 60.90 60.25 \$2,60 57.75 57.25

ORANGE JUICE 15,000 the, cents/th

High 69.50 64.65 83.20 62.50 67.30 58.70 58.00

Italia 7.50-8.00: Chilash: Thompson 11.00-12.00. Assions — Spanish: 10 kg grean 7.00-9.00. 15 kg grean 15.00-18.00; South African: Galis 5.50-6.50, Ogen 8.00-10.00, whifte 10 kg 5.50-6.50, grean 7.00-7.50; Peruvian:

Close 169.50 164.60 163.10 162.50 161.25 158.25 158.00 167.76

SOYABEAN MEAL 100 tons, \$/ton -

SOYABEAN OIL 80,000 Has, com

15 kg 10.00; Chilean: White 16 kg 8.50-0.00. Benetics—Colombian; 40 lb 50xes 9.50-10.00; Mertinique; 33 lb 7.00-7.20. Avocados — larsell; 4.00-4.50; Carany: 4.50-8.00, Kenyan; 5.00-6.50; Cyprus; 5.00-6.50.

. . .

202.2 207.7 217.0 212.8 208.0 203.5 206.6 206.6

MODUM

PERBANK

# CURRENCIES, MONEY and CAPITAL MARKETS

Fears of higher U.S. interest

per FFr 100 from DM 4.8820.

# FOREIGN EXCHANGES =

3y March 13 1884

other meats

Sritish beef common aged slove reaching in 1979 of 21 in 19

MLC did aor

ecinc did dor ecinc reservation in the proper to sential.

Mr Harrington said to producers and reducers and reducers and reducers and reducers and reducers of beef space. In solve to the specific control to the space on, or identification of different categories: on, or identification of different categories: on, or identification of the space of t

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ttempting to ensure to continue to the tribund should be tribund.

The company annual

veck that it was lemme becautous, which have f 2m tonnes a year Mr Hugh Hart, the

Hinng Minister, said is and heen made to the company for the anoperations of the market and the company of the

The company's deine, when Jamaica, the way.

iarrest bauxie profes anticipating an increas put later this year. Mr. Edward Sea

inches Minister, at

decision by Remoker

\$30m a year.

KETS

Committee of the control of the cont

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SUVACEAN MEAL IN IN

93 7 155-1 OIL 9 30 B

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Manch March

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### FINANCIAL FUTURES

# Dollar and pound firm

The dollar showed a firmer trend on the foreign exchanges yesterday, rising above the chart sensitive point of DM 2.60, and managing to hold on to its early gaim, after 2 steady improvement is a New York on Friday and the Far East earlier on Monday. Doubts continue about the future performance of the currency, but at the moment the market seems impressed by speculation that the moment the market seems impressed by speculation that the federal open Market Committee Meeting towards the end of this month. Figures due for publication this week include February retail sales today, industrial production on Friday and of this month. Figures due for publication this week include February retail sales today, industrial production on Friday, and housing starts on Friday, and housing starts on Friday, and housing starts on Friday, and to which are expected to underline the fast pace of U.S. conomale growth so far this year. Another factor helping to boost the dollar's pace of U.S. conomale growth so far this year. Another factor helping to boost the dollar's trade-weighted tender Congress will vote for a reduction in the chart to the conomic adviser to President Reagan, that there is a good chance Congress will vote for a reduction in the factor. Private and the conomic adviser to President Reagan that there is a good chance Congress will vote for a reducted referred.

The dollar's trade-weighted female 225255 25708 to 0.55 -0.07 ±1.4052 t

reduction in the very large U.S. Budget deficit.
The dollar's trade-weighted index on Bank of England figures rose to 1264 from 1256. In terms of major currencies the dollar rose to DM 25050 from DM 25785 against the D-mark;

Starch 12 spread

OTHER CURRENCIES

THE POUND SPOT AND FORWARD

44.9000 2.14104 2.24184 6.87454 2.62585 5.72589 1403.48 Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

March 12 Prev. Glose 2pot 51,4540 4550 \$1,4625 4655 1 month 0,15-0,15 dis 0,13-0,16 dis 3 months 0,55-0,59 dis 0,54-0,56 dis 19 months 2,80-2,90 dis 2,73-2,77 dis

THE DOLLAR SPOT AND FORWARD 

Note Rates 26.50.26.80 79.80.80.00 13.76-13.89 13.60-11.72 5.761g-3.801g 8588-5266 326-530 4.841g-4.803g 10.87-10.98 10.7-10.98 10.7-12.81 11.82-11.55 5.11ic.3.14io Storing
U.S. doller
Canacian dollar,
Austrian sobiling
Belgian franco
Danish kroner
Deutsche mark
Swiss Rano
Guilder
Franch franc
Lire -10,3 +16,3 -2,7 +4,0 -10,9 -6,5 +9,0 +11,6 +5,0 -14,5 -12,5 +15,0

Agentina Peso... 43.85-43.64 30.05-30.08 Austria... 1.5200-1.5220 1.0465-1.0470 Saigium ... 1.76.5-1.75.5 1.225-1.231 0.0465-1.0470 Saigium ... 1.76.5-1.75.5 1.225-1.231 0.0465-1.231 0.04 \*CS/SOR rate for March 9: 1.36719 **EXCHANGE CROSS RATES** Found St'rling: U.S. Dollar | Deusche m'k | JapaneseYon FrenchFranci Swips Franc | Dutch Gulld | Italian Lira | Canada Dollar Belgian Francisco Found Sterling 77.35 11,645 8,020 86.46 1000. 1.129 13.06 20,44 256,4 11.57 жрезе Уеп 1,000 French Franc 10 Swise Franc 5,689 1,355 281,0 104,5 Dutch Outlder Hallen Lira-1 000 549,6 1000 1.0RG Balgian Franc 100 1.293 1.878 4.893 15.05 4.047

EURO-CURRENCY INTEREST RATES (Market closing rates) Belgian Franc Conv. Fin. tolia: Lira Yon 64-614 64-614 64-614 64-614 64-614 94 94 94 97 94 104 104 104 105 107

Asien 5 (closing rates in Singapore), Short-term \$002.903, per cent: seven days \$1.95 per cent: one month \$103.103, per cent; three months \$104.103 per cent; three year \$112.113, per cent; three years \$124.123 per cent; three years \$124.124 per cent; three years \$124.124 per cent; three years \$124.124 per cent; three years \$124.125 per cent; three years \$124.124 per cent; three years \$124.125 per cen

# MONEY MARKETS

# London rates fall

Interest rates declined in the London money market yesterday, as sterling held fairly steady on the foreign exchanges and dealers remained optimistic about the outcome of today's about the outcome of today's Budget statement from the Chancellor. Three-month interbank fell to 9 per cent from 9 per cent, and discount houses buying rates for three-mouth eligible bank bills to 8% per cent from 8 37/64 per cent. Other money market rates also declined, with three-mouth buying rates for Treasury bills weakening to 8 25/64 per cent from 844 per

The easier trend in interest rates renewed hopes that clear-

London clearing banks' base lending rate 9 per cent (since October 4 and 5).

pation of any reduction ahead of the Budget. The Bank of England forecast a shortage of £450m, and provided total assistance of £409m. Call on Treasury 10 per cent 1990 convertible contributed to the shortage, with Exchequer transactions draining maturing in official hands, re-payment of late assistance, and

FT LONDON

LONDON INTERBANK FIXING (11,00 a.m. March 12) 3 months U.S. dollars 21/8 OF 24d Offer 107/16 6 months U.S. dollers bld 106/6

a take-up of bills from Friday's sale by way of £80m on March resoury bill tender, absorbed 26 and £76m on March 27 at a cent from 6.40625 per cent, with salesmess below target £30m. In the afternoon £47m bills keeping funds available for intended in the note circulation of 26 and £41m bills for resale on about £240m.

These were partly offset by a were bought for resale on March 27 at a rate of \$1\frac{1}{2}\$ per cent. Come tax payments on Thursday, Cash is expected to flow in about £240m. MONEY RATES

Zuriob | Amst'dam | Tokyo i Milan | Brussels | Bublin Mar. 19 Frankfurt 1 Paris 124-121<sub>2</sub> 124-121<sub>2</sub> 124-124 121<sub>2</sub>-124 121<sub>3</sub>-121<sub>3</sub> 1576-174 10,70 1575-174 1134-19 1716-1716 t151-19 5% 5% ~ 57a 13

Discount Houses Deposit and Bill Rates LONDON MONEY RATES Market 9-10 9-914 859-834 815-859 815 9-9 te 84-84 84-84 84-84 814-814 814-814 814-815 9 874 874 834 874 834 974 834 974 934 974 9

MONEY RATES SDR Linked Deposits NEW YORK (Lunchtime) 9 914 918-944 914-918 914-959 94-913 913-913 913-913 913-10 954.10 101s-10-Treasury Bills One month
Two month
Three month
Sis month
One year ECGO Fixed Rate Exoft Finance Scheme IV Average Rate for Interest peniod Fabruary 9 to March 6 1364 (Inclusive) + 9.373 pet cent. Local outhorities and finance houses seven days' notice, others seven days' fixed. Felanco Houses Sees Rates (published by the Finance Houses Association): 3½ per cent from March 1, 1384. London and Scottlish Clearing Bark Rates for landing 3½-9 per cent. London Deposit Rate for sums at seven days' notice 5½ per cent. Trassury 8:81: Average tendor rates of discount 8.4709 per cent. Contificates of Tax Deposit. (Series 6). Deposits of 1500,000 and over held under non-month 7½ per cent; Sins-three souths 3½ per cent; three-xis months 3½ per cent; six-12 months 3½ per dant. Jinder £100,000 9 per cent from March 6. Deposits held order Senes 4-5 9½ per cent. The rets for all deposits withdrawn lot cash 7½ per cent.

# **Quiet trading**

Close High Low Prev Sept 5 4538
83.61 83.82 83.76 89.82 Velume 96 (150
89.27 83.31 83.28 83.88 83.89
88.60 88.64 83.60 88.61 CHICAGO
88.33 U.9. TREASURY

Close High Low Prev 1.4544 1.4570 1.4530 1.4810 March 1.4698 1.4690 1.4660 June 1.4668 1.4662 1.4725 Sep1

125,000 \$ per \$wFt

Close High Low Prov
5,4646 0.4666 0.4695
9,4733 0.5747 0.4715 9.4780
per 41 (42)
us day's open int. 156 (188)

March
June
June
June
June
Sept
Doc

Tune 1,4598 1,4629 1,4650 1,4650 Sept 1,4668 1,4668 1,4662 1,4725 Volume 148 (638) Previous day's open int. 2,529 (2,404)

DEUTSCHE MARKS DM 125,000 5 per DM

slightly weaker but tended is improve ahead of today's UK Budget. The market remained

a result there appeared to be little incentive to sell ahead of the Budget. The June erice opened at 91.06 down from 91.07 bet isuched a best level of 91.19 before finishing at 91.18.

Gift prices followed a similar

JAPANESE YEN Y12.5m \$ per Y100

U.9. TREASURY BONDS (CBT)

June 89.48 89.49 89.42 89.4 Sapt 89.06 89.08 89.03 89.00 THREE-MONTH EURODOLLAR (INNA)

GNMA (CBT) \$100,000 32nds of 100%

Close High 69-08 69-08 68-09 68-10 67-13 67-13 68-19 86-19 65-18 65-19

64-25 64-27

STERLING (IMM) Se per £

March June Sept Dec March

Close High Low Prev 5.4439 0.4440 0.4439 0.4455 0.4495 0.4501 0.4474 0.4655 5.4538 — 0.4531 0.4551 0.4531 0.4531 0.4551 0.4531

rates of higher U.S. interest rates probably accounted for some of the firmer tase. Ster-ling rose to DM 3.7780 from DM 3.7630 while the Swiss franc slipped to DM 1.2088 from DM 1.2106. Within the EMS the Euro-dellar prices finished appeared to be little clear frend higher than Friday's levels but and contracts traded within a down from the day's bighs in relatively narrow range in rather Belgian franc improved to DM 4.8850 per BFr 100 from DM 4.8820 and the French franc the London International Finan- (sw volume. cial Futures Exchange yesterday, to relatively quiet trading. The was also firmer at DM 4.8850 weaker trend reflected with a little incentive 10 sell at seguring was also influenced by settinism that the U.S. JAPANESE YEN - Trading range against the dellar in 1983-1984 is 246.90 to 223.25. February average 233.58. Trade weighted index 159.2 against 147.4 six

index 159.2 against 147.4 six months ago.

The desilar was elightly firmer against the yen in Tokyo yesterday, closing at Y224.85. This compared with a day's low of Y224.70, the same as New York's Friday close. Part of the rise reflected the dollar's sharp fall as dealers adjusted positions. There were signs that the dellar may be staging some sort of recovery, helped by hopes of a gradual reduction in the U.S. budget deficit. ties may reduce budget deficits over the next few years, with a Gift prices followed a similar fower funding requirement reducing upward pressure on each rotes and consequently improving at 109-15 and improving to a best level of 109-27 before finishing at 109-26, up from Against this background there.

LONDON £ in New York latest THREE-MONTH EURODOLLAR

Close High
March, 89.51 89.52
June 89.27 89.31
Sept 89.90 88.93
Dec 88.60 88.64
Merch 88.32
Volume 2.454 (4.432)
Previous day's epen (12,695) ## DEPOSIT | March | Color | C | STERLING E25,000 \$ per E | STERLING E25,000 \$

1.0944 15.7074 45.7016 9.16863 9.25297 8.51935 6.87768 1386,50 1844750

March 0.3839 0.3844 5.3839 5.3883 June 0.3892 0.3894 0.3878 0.3929 Sept 5.3338 - 5.3979 Volume 106 (104) Previous day's open int. 436 (466) March 5.4646 0.4664 0.4646 0.4695 June 9.4733 0.5747 0.4715 9.4780 Sept Volume 41 (42) Previous day's open int 156 (188)

Danish Kroner

191<sub>9</sub>.125<sub>1</sub> 19:121<sub>4</sub> 115<sub>9</sub>.121<sub>4</sub> 111<sub>4</sub>.115<sub>4</sub> 111<sub>4</sub>.115<sub>4</sub>

# WORLD VALUE OF THE POUND

The table below gives the latest except where they are shown to svelleble rote of exchange for the pound against verious currencies on March 12, 1984. In some cases may be otherwise. It is some cases marked rotes have been calculated from those is nominal. Martest rotes are tied. COUNTRY COUNTRY CURRENCY VALUE OF E STERLING COUNTRY 15,828 3,89 11,646 1,4685 1,4523 65,30 115,45 5,4700 Danish Krone E. Caribbean Local Franc U.S. 5 exelA)5,685,02 20,36 itcairn Islands... 8.1735 - Ziety Kwanza E. Caribbean S 190,75 43,595 . How Peso 5.3030 **Qatari Ryal** 11.545 { (Cm)6,58 } IN(C)19,19 141.53 tomania\_ - Leu 97,4711 Rwanda Franc 42.01 15.50 1,441.3 125.00(s Cinar Spa\_Peseta Taka Barbados \$ 3.98 1.5 3.92 11.645 3.92 5.53 1.4525 2,348.5 51.06 1. Krone B.S. C.F.A. Franc Bda 5 Indian Rupos an Ura Lira C.F.A. Franc Bollylan Peso (C) 726,25 5,09975 582,25 9,76169) (O)5,70 3,0450 1,7405 Jamaica Dollar Yen Jordanian Dinar audi Arabia. orra Leone .. 5.0450 1.4560 11.6699 178,065 mail Republic... Somali Shilting Read Peseta 25.50 1,7585 219,70 582,25 1,8565 219,70 115,00 1,2104 C.F.A. Franc Camerooi Peseta S. L. Rupee 55, 56 1,5115 2,5000 1,7586 11,2576 3,13 (A) (T)15,0 ((CM)5,20 ludan Republic. Surinan Swaziland ...... Sudan £ (u) \$. Oulider ont.Afr. Repul lic C.F.A. Franc ..., C.F.A. Franc ..., Chilean Peso ..., Renrainbi Yuan ..., Cel. Peso ..., C.F.A. Franc pj. C.F.A. Franc 5.0025 (F) 133.82 582.25 582.25 58, 15 17.83 (eg) 33,36 558,25 1.5210 5.4960 1,015 (eg) 454,51 1,4825 1,6210 aisi cromo Taiwan
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Vs nustu ....... 0.F.A. Franc Vatu Italian Ura Faikland la. £ 8,648.0 (4) 5.236 (5) 10,876 (6) 18,00 (0) 14,01 1,4595 Australian Dollar 1.5910 29.65

\* Rete is the transfer market (controlled). 13 Now one efficiel rate. (U) Unified mits. Applicable on all transactions except countries having a bilateral sement with Egypt and who are not members of IMF. (§) Based on grose (state against Russian rouble. (1) Excential goods. (2) Preferential rate for cylerity ports such as toodstutis. (3) Non-seential imports and private sector applicam. (4) Preferential rate for public sector debt and essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign traval. (7) Parallel rate.

Antillan Gulider

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Nigetia..... Norway..... Oman Sul'ate of...

Panama,,...... Balbo Papua N. Guinea.... Kina

Paraguay ...... Guarani

. C.F.A. Frans

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£20,000,000 t3% Bonds of 1980, due 1st March 1991 NOTICE IS HEREBY GIVEN to Bendholdere that Kleinwon, Benson Limited, London, as Purchese Agent for the account of the European investment Bonk, has eurchaned buring the twelva-menth Spried beginning lat March 1983, 22,000 onnit; gel amount of such Bende, On 1et March 1994, the onneipal amount of Bende euistanding was c15,908,000.

Sated 13 March 1984 EUROPEAN INVESTMENT BANK

CURACAD BEPOSITARY RECEIPTS PIONEER ELECTRONIC CORPORATION

The ondersigned, being the Agent of Caribboas Depositary Company N.V., Element Electrodic Corporation has Occiared a cash sividend of Yea 25 per share for the financial year covering the period 1st October, 1982-10ch September, 1983, which will be gavable as from 16th March, 1984 at the office of the undersigned. This distribution, which has been to section 4 of the Deposit Agreement will be available to belook Agreement will be available to before of CoRt against surrender of coupon No. 23 less 25% Japanese withholding tax. to the Cifect that per CDB evidencing

5 Gepositary Shares \$4.27 (\$4.53), 10 Decositary Shares \$8 \$4 (\$9.06), and 100 Depositary Shares \$85,40 (\$90,60) is paid.

PIERSON, HELDRING Amsterdam, 7th March, 1984.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (F) based on U.S. doller partition and going sterifag-doller retes; (T) touting rate; (Se) basic rate; (by) buying rate; (Sk) bookers' rates; (cm)

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commercial rate; (ch) convertible rate; (in) financial rate; (exC) exchange certificate rate; (nc) con-commercial

ing bank base rates will be cut to Si per cent some time this week, but there was little antici-

INTERBANK FIXING

The fixing rates are the estimation masse, rounded to the nearest consistents, of the bid and offered rates for StOm quoted by the market to five reterence basics at 11 s.m. eschwarking day. The hanks are fissionally Westminster Benk, Eank of Tokyo, Deutsche Benk, Benque Hationale de Peris sed Morgan Gentancy Trust.

Before hunch the Bank of Cent.
England purchased £171m bills including £15m bank bills outright in band 2 (15-33 days) at In Tokyo call money was in 82 per cent, and £156m for re-

of the week, leaving conditions generally long until about March 23, when conditions will

tighten ahead of Japan's finan-cial year end on March 31.

France ...... French Franc Franch C'ty in Al., G.F.A. Franc French Guiana ..... Local Franc French Pacific Ia., C.F.P. Franc

Gambia ...... Dalasi Gelmany i Easti .... Ostmark Germany (West) .... Deutsche Mark

C.F.A. Franc

11.645 205 (sg)

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# INTERNATIONAL CAPITAL MARKETS

# Two FRNs for \$100m launched

By Mary Ann Sieghart In London

were launched into an aiready over-burdened market yesterday. Öster-reichische Länderbank and Fiat are

raising \$100m each.
OLB, which is 60 per cent stateowned, issued a 15-year note with a
put option for investors after 11 years. It pays % per cent over the mean of the six-month London interbank bid and offered rates at par and is led by Credit Suisse First Boston and S. G. Warburg. The front-end fees are 1.45 per cent and the issue traded initially at a 1.20

Plat's 10-year deal pays % per cent over six-month Libor at par and has a put option at seven years.
Lead-managers are UBS Securities,
Arab Banking Corporation, Banco
di Roma, Credit Lyonnais,
Deutsche Bank and Manufacturers Hanover. Front-end fees are 1 per

The issue came out too late in the

day for a price to be made but dealers pointed out that Pirelli's deal, launched on similar terms but with almost double the fees, was standing yesterday at just over 97.
Sumitomo Construction joined the crowd of Japanese borrowers in the equity warrant mar-ket with a \$20m, five-year deal priced at par. The deal will be priced on Friday, but Nikko Securities, the lead-manager, expects the coupon to be around 7% per cent, reflecting the current saturation of that market. Sumitomo Finance

and Daiwa Europe are co-leads.

American Hospital Supply is raising C\$50m through a EuroCanadian bond paying 12% per cent at par. Wood Gundy is leading the deal, which has call and put options at the fifth year, at which time the coupon will be reset. It traded at a discount of about 1% per cent, outside its selling concession.
GTE, the U.S. telecommunica-

tions company, has become the first U.S. company to tap the Ecu bond market with a Ecu 50m, eight-year bond paying 10% per cent at par.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

DEDTSCHE MARK STRAIGHTS Allied Chemical 71/2 94 ... Ance Int'l 81/4 91 ...... A.N.A.S. 81/2 91 ...... ELB. 8.81 .

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in the second

# OVER-THE-COUNTER - Nasdaq National Market

# Crédit National

This announcement appears as a matter of record only

ECU 50,000,000 11% per cent. Guaranteed Notes due 1991

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Banca Commerciale Italiana
Banque Générale du Luxembourg S.A.
Caisse Centrale des Banques Populaires
In Limited CLN Oyens & Van Eeghen N.V.
Compagnie Monégasque de Banque
Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V.
Crédit du Nord Credit Suisse First Boston Limited Credito Italiano
Dominion Securities Ames Limited Dresdner Bank Aktiengesellschaft
Lazard Freres et Cie Al Saudi Banque Banque Française du Commerce Extérieur Banque Banque Privée de Gestion Financière "B.P.G.F." Cai Chasse Manhattan Capital Markets Group Chase Manhattan Limited Commence Handschant Africans (Contribute Markets) Copenhagen Handelsbank A/S Credit General S.A. de Banque Crédit Commercial de France Crédit Industriel et Commercial Den Danske Bank af 1871 Aktieselskab S.A.Dewfin N.V. Dominion Securities Arnes Limited Dresdar Bank Aktiengeselschaft
Genossenschaftliche Zentralbank AG Vienna Girozentrale und Bank der österreichischen Sparkassen Aktiengeselschaft Lazard Frères et Cie
Memill Lynch Capital Markets Nederlandsche Middenstandsbank nv Nederlandse Credietbank nv Norddeutsche Landesbank Girozentrale
Orion Royal Bank Limited Postspankki Rabobank Nederland Société Générale Société Générale Alsacienne de Banque , Luxembourg
Sparekassen SDS The Taiyo Kobe Bank (Luxembourg) S.A. Vereins- und Westbank Aktiengesellschaft S.G.Warburg & Co. Ltd. Wood Gundy Limited

February 24, 1984

This announcement appears as a matter of record only. March, 1984.



# Standard Oil Company of California \$14.000.000.000 Revolving to Term Credit Facility

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Bank of America NT & SA

Provided by:

Bank of America NT & SA The Chase Manhattan Bank, N.A. Morgan Guaranty Trust Company of New York

Bank of Montreal Bankers Trust Company Chemical Bank Manufacturers Hanover Trust Company The Toronto-Dominion Bank

Commerzbank Aktiengesellschaft **Swiss Bank Corporation** First Interstate Bank Algemene Bank Nederland N.V. The Industrial Bank of Japan, Limited Security Pacific National Bank

Continental Illinois National Bank and Trust Company of Chicago The First National Bank of Chicago InterFirst Bank Dallas, N.A.
The Long-Tarm Credit Bank of Japan, Ltd.
Golden State Sanwa Bank The Sumitomo Bank of California

Australia and New Zealand Banking Group Limited Banca Nazionale del Lavoro, Los Angeles Branch The Bank of New York **Banque Paribas** Bayerische Vereinsbank AG (Union Bank of Bavaria) Crédit Lyonnais DG Bank, Los Angeles Agency The First National Bank of Boston Mercantile National Bank at Dallas National Bank of Detroit Pittsburgh National Bank Société Générale Standard Chartered Bank PLC/ Union Bank Wells Fargo Bank, N.A.

**Barclays Bank International Limited** Citibank, N.A. National Westminster Bank Group

The Bank of Nova Scotia Canadian Imperial Bank of Commerce Crocker Bank/Midland Bank PLC The Royal Bank of Canada

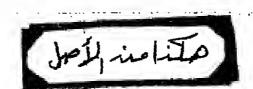
Crédit Suisse Union Bank of Switzerland Lloyds Bank International Limited Amsterdam-Rotterdam Bank N.V. Mellon Bank, N.A. California First Bank/Bank of Tokyo Group

The Dai-Ichi Kangyo Bank, Limited First City National Bank of Houston The Fuji Bank, Limited Irving Trust Company
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Banca Commerciale Italiana Banco di Roma, San Francisco Branch Banque Nationale de Paris Bayerische Landesbank Girozentrale Credit Commercial de France
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Bank of America



# uman

In 13 years Sultan Qaboos has transformed Oman from backwardness and isolation into a modern and peaceful state. Moreover, careful housekeeping has enabled the country to continue expanding its economy at a time when those of most of its neighbours are stagnating

IN OMAN it is barely possible to have any conversation or read any official publication which does not allude to the fact that when Sultan Qaboos bin Said al-Said deposed his father, Sultan Said hin Taimur al-Said, in 1970 with the help of British troops, the country was hardward, isolated and under developed.

Today contract westers, who probably did not know of the country's existence a few years back, foregamer in the bars of country construct a few years back, foregather in the bare of Muscat's four first class hotels, virtually the only places where lique is efficienty sold. They discuss how in 1970 there were only 10 km of termaced roads in the second largest country in the Arabian peninsula, covering 300,000 aq km. There were only there universe the foregath for only three paintry schools for a population of probably around 850,000, and there was just one

I have worked. There are the Portuguese forts and all the beautiful old houses." Now, the argument runs, thenks to the Sultan's wise use money. Oman has many of the money. Oman has many of the money. Oman has many of the appartenances of a modern state, with free education available for everyone in 431 echools. a new home grown university just on the norizon, thousands of kilometres of roads, four airports (three of them military), stelling communications, a GDP valued at \$7.20n — several modred per cent higher than in, 1970; — and a tested and proven small army, navy and afforce which enables it to times emaraced much of what is today Iran and Zanzibar. It is hardly surprising that a country with 1,700 kms of coastline (parts of it consisting of very heatniful white sand beaches) arriorce which chaptes it to stand if not guardian, then at least-sentry, for the western world over the ciralogically vital Straits of Hornur. Its armed services have also helped it to take a leading role in collective Gulf security. would be more onward looking than other Arabian countries.

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520 111'4 189'4 4:
565 131 139'4 4:

בין בינים בנכישים מוכניבים משבנים

with their interior among space and outer transle places proof against a place consultation of the angles of proofs.

National Market

RENEW CHARGE ALMOS

, W. V.

to the present day so that while Omen participates in the Gulf Co-operation Council and other Arab forums, is looks more to India and Africa than do other

identity as the transformation wrought in the past 13 years.

As one senior western foreign policy. Virtually alone diplomat puts it: "The first of the Arab states Oman sup-

The two Portuguese forts Mirani and Jalali, stand on either side of the Muscat's narrow rocky harbour. The arrival of the Portuguese in the early sixteenth century brought to an end the so-called golden age of Oman.

Lasting from the seventh century to the 15th century this period saw Omanis pioneer the trade rootes to China and set up a seaborne empire, which at times embraced much of what is school in Suffolk, England, and attended Sandhurst—he has British which he inherited from his father. Despite raised eye-browg from other Gulf states, British officers, both seconded and on contract, are prominent in the armed forces, although their positions are due to be taken over by Omania as soon as martiale.

For this reason Oman, while pure of the Arab community of states is also somehow apart from it. in collective Gulf security.

part of the Arab community of move the Sultan has also agreed All this is true, but Oman states is also somehow apart to allow the U.S. to after air-does also have a long, recorded from it.

This separateness has continued that its Rapid Deployment



There are, for example, 266,000 expatriate workers in Oman, but there is hardly a Palestinian among them. Apart from the British contractors and important in fashioning its identity as the transformation wrought in the past 13 years.

As one content nembers of the armed services,

thing that struck me when I ported President Sadat of Egypt came to Oman was that it had over the 1978 Camp David a greater sense of history than accords, and was to some extent other places in the Gulf where

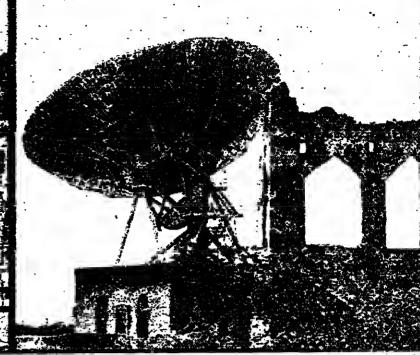
### Independent

It is understandable, there-fore, if Sultan Qaboos feels a sense of vindication at the way in which President Hosni Mubarak of Egypt is being welcomed back into the moderate Arab fold.

Partly because of his back-ground—the Sultan went to maintained the close links with Britain which he inherited from

In an unabashed pro-western





Left: Muscat city centre with the Alam Palace in the centre and Fort Mirani in the background. Right: the earth satellite station at Al Haser, part of the country's modern telecommunications system which, Omanis hope, will soon be among the best in the world

set up.

If a strong sense of the past has an important bearing on Oman's observer than is often realised, it should not obscure the fact that the confidently independent stance Oman takes nise owes a lot to the great skill with which Sultan Qaboos as absolute ruler has managed his country's affairs.

when he took over in 1970 the social and economic deprivations which his father's neglect had raused provided fertile ground for an insurgency backed by South Yemen. The rehels of the Popular Front for the Liberation of Oman (PFLO) controlled the Jebel Qara mountains in Disofar province leaving the old Sultan in charge of the Salahab plain. His empire was on the point of collapse.

Sultan Qaboos not only had to subdus this rebellion (a process which took until 1975) but also had to launch a crash develophad to launch a crash develop-ment programme to build roads, schools and hospitals. Both were empensive and Oman has never meen a rich country. (Its

\$4bn). Oil exports did not start until 1967, and its current pro-duction of 400,000 b/d, very modest by the standards of some of its neighbours, is prob-

some of its neighbours, is probably close to the maximum Oman can produce without seriously shortening the period its reserves will last. At 3he barrels, reserves should last for another 30 years if there are no further discoveries.

It must have been very tempting for the Sukan to borrow and spend more than the state could afford but he has done neither, choosing to achieve to a conservative oil production regime instead.

### Tight housekeeping

Nor has he entered any grandiose development schemes of dubious validity. There are very few conspicuous white elephants in Oman today: there are no fertiliser plants, produc-ing fertiliser which cannot be absorbed; and no refineries producing products which can-not be sold. A small industrial estate has recently been started, but it is not intended that the manufacturers setting up there should compete with countries foreign reserves today stand at well established in the field.

Plans have not been laid on Said, a relative, will be named the basis of unrealistic oil Crown prices, or unrealisable production levels. The wisdom of this so far. tight housekeeping has been shown in the past year.

Oil still accounts for 96 per cent of Oman's foreign earnings, but when prices fell by nearly 20 per cent in the past year, Oman was able to offset this by increasing production. This meant that budget revenues increased and development plans were not affected. Oman has had to borrow a little but its foreign debt servicing is still less than 5 per cent of the Government's income. While Government's income. While could result in conflicts of

Yet, while there is little cause for discontent in the way the economy has been managed one small area of concern is the succession: the 43-year-old Sultan is divorced and has no

gestion that the Deputy Prime doing. Their face Minister for Legal Affairs fi.H. me that they are it Sayyid Fahad bin Mahmoud al even look happy."

Crown Prince but there is no definite sign of this happening

The Sultan did anticipate some criticism that his absolute rule was too restricted by setting up two years ago a Consultative Assembly. This has worked well with its many committees producing valuable recommendations for decrees. The assembly is now being increased to 55 members from

could result in conflicts of

other conntries' economies nave come grinding to a halt, Oman has managed to keep growing by 5 per cent in 1983 with the same increase in GDP likely this year.

Var while there is little

to detect any disquiet in this pleasant and relaxed country. The Sultan takes a simple view The Sultan takes a sumple view of his achievement: "My great statisfaction is that my people seem happy with what I am doing. Their faces express to me that they are happy. They modernate in 13 years

### CONTENTS

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Fisheries: scope for big increases in size of catches	-
Tourism: careful watch kept on pace of development	•
Labour: Migrants continue to meet shortage	
Defence: all eyes on the Hormuz Straits	,
Education: from scratch to	_

# O DO BUSINESS IN OMAN



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has the experience to tread knowledgeably





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has always been a pathfinder in many



has the ability to keep sparking with



has a crystal clear vision of the market



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### THE STATE BUDGET (ORm) 1,181 130 170 Other revenue 122 State General Reserve Fund 120 1,561 APPLICATIONS: Defence and national security: (e) Recurrent expenditures 163 (b) Capital expenditures Civil purposes: (a) Recurrent expenditures (b) Development expenditures (c) Financing of financial organisations: 1. Oman Bank for Agriculture and Fisheries 2. Development Bank of Oman 3. Oman Housing Bank (d) Financial aid to private sector (e) Government share in P.D.O. 2. Development expenditures Loans repayment Investments and loans Total expenditures

# Growth continues despite oil price setback

### Economy

DESPITE dire predictions of a trimming of development plans because of the softening of oil prices, Oman's economy has

GDP) grew by between 4 and per cent in 1983 according to unofficial estimates by the Ministry of Finance. The economy should show similar ex-pansion this year.

This is a far cry from the 21 per cent increase in 1981, when Oman caught the last of the firm oil prices. Nor does it begin to match the targets of 13.1 per cent average annual growth anticipated in the second five year plan (1981-85). Nevertheless, given that oil accounts for 96 per cent of ex-

accounts for 90 per cent of ex-port income, and over 80 per cent of budget revenues, that it makes up 65 per cent of GDP and that oil prices in practical terms have fallen by 20 per

Moreover, the country's am-Moreover, the country's ambitious development plans seem barely to have been affected. The budget figures for 1984 show that spending overall at OR 1.830 (£3.4bm) is due to rise by 7 per cent. Spending on defence which accounts for 44 per cent of budget expenditure is due to increase by 10 per cent (within the defence budget, re-current expenditure is 76 per cent of the total).

There has been some trimming of development expenditure. The capital budget in the civilian sector is projected at OR 360m against OR 362m in 1983. In the oil sector both development expenditures and recurrent expenditures are down, by OR 35m and OR 37m respectives. current expenditures are down, by OR 35m and OR 3m respectively. Although there are no final figures for the balance of payments for 1983, Dr Sherif Lutly, the Egyptian-born Secretary-General, reckons that payments will balance and the picture should be similar in 1984. In 1982 there was an overall balance of OR 293.3m.

One unexpected windfall that

One unexpected windfall that Oman did receive last year was

a low rate of inflation.

Its terms of trade improved by 10 per cent as a result of the strength of the dollar (the currency in which it is paid for its oil exports) and as a result of the weakening of the currencies of Europe and Japan where most of its imports originate. As a result imported inflation was not a problem. inflation was not a problem.

Mr Mohammed Musa, the

Under-Secretary at the Ministry of Finance, claims there was actually a defiation last year of 1.1 per cent. This does not square entirely with other estimates which have it that inflation demonstrally ingrassed by tion domestically increased by 10 per cent, but certainly the weakening of the European cur-rencies and the yen helped

### Comfortable

Banking

to stay in profit.

of over 40 per cent.

sector 1983 was generally mixed, all 25 banks managed

Total deposits moved from OR 483.6m (£966m) to OR 584m (£1,068m) in the year to September 1983. This was an increase of 21 per cent, and in line with increases of previous years, spart from 1980 when there was a large jump of over 40 per cent.

Lending rose only 15 per cent to OR 479m, and thus increased at a slower rate than previous

Gross profits in the nine-month period January to September 1983 were OR 9.6m: a fell over the comparable period in 1982 when profits were

OR 11m. This in turn compared with on across-the-board rise of

The final figures for 1983 have not yet finally been released,

the President and Deputy Chair-man of the Central Bank, told the Financial Times that profits

of line with this apparently. None of the banks made losses.

down in economic activity, but a building up of excess liquidity. This was the result of a government limit on the banks doreign holdings.

In Oman the 14 foreign banks

enjoy the same privileges and rights as the local banks. There

is no exchange control in the Sultanate and the foreign banks can deal in local currency.

tively acted as the finance mini-stry and central bank. The

oil money was flowing, the foreign banks acted as craftitors to the Government.

Each bank must submit monthly reports on lending and foreign

faster in the event of a large, import order.

The minimum reserve requirement is a conservative per cent of deposits to be placed interest free. In addition a nominal deposit has to be

change exposure.

Head start

The standstill in profits was due not so much to a slowing

ian Khay

40 per cent for 1982.

In value terms imports may well have dropped last year. Again there are no final figures

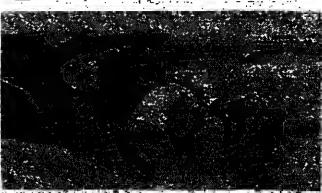
Oman is not a member of Opec or of Capec, but it is a member of the Gulf Co-opera-tion Council. It must be sensi-

tive to its co-members wishes.
The GCC, a six country, organisation includes two large oil
prodocers in Sandi Arabia and

and largely because Oman is such a small producer whose output is modest by, say, Saudi standards, it has been able to push its production up. In 1981, it stood at 330,000 h/d, and by the end of 1983 was 385,000 h/d. The increases in production have served to offset the price drop so that revenue from oil, projected at OR 1.1ba is virtu-

ally the same as in 1988 when it was a shade under OR 1.2bn. Of course, Oman has not been totally untouched by the totally untouched by the collapsing price for oil. For the third year running a budget deficit is envisaged. The budget deficit for 1983 was projected at OR 207m and may well have turned out higher. The foreign cooking are consent of this was Again there are no final figures available for 1983 but total imports for 1982 were OR 926.5m, while for the first two quarters of 1983 they were OR 221m and OR 221.6m respectively.

The prime reason Oman has been able to keep growing at a comfortable rate and keep its



amounted to some OR Ibn by the beginning of 1984. The budget shortfall for 1983 could be covered from this fund.

In 1984 the situation looks to be different. The budget esti-mates already include a drawing

mates already include a drawing of OR 120m from the SGRF before and not after other budget expenditures. It seems likely that there will have to be further drawing flows of the reserves, and it is possible Oman may have to go to the currodollar market again. Ideally the country would Ideally the country would rather obtain money from other rather obtain money from other sources. This year's budget includes a provision for OR 166m in development loans. This would include monies from other Gulf states, but presunably does not include military aid. The GCC recently agreed to give Oman \$1.80m in military aid over a 12-year period.

There is a small amount of grant aid, mostly from Saudi Arabia and largely wrapped up in the hospital Saudi Arabia is effectively donating. This year,

effectively donating. This year though, aim amounts to just

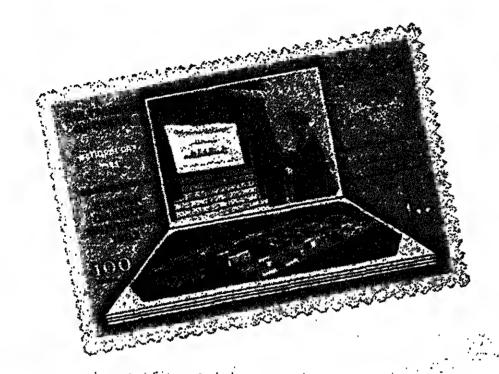
OR 5m.
There are various other capital inflows. Britain's ECGD is exposed to the cuse of \$800m, although, of course, not all of this is a similar period of time. If Oman should need to go

find no difficulty in raising money. The total public debt h

Its development programme is on schedule. If it has a bottleneck it is in its shortage

management and government. There are 266,000 expatriate wither on contract or on second-ment in the armed forces.

Evenually the hope is to replace foreigness with Omans, but as one senior minister said: It takes time you just cannot get people to take over impor-ant jobs without training overnight.



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the Sultan Oaboos University, Oman. The first of a total of 3,000 students will enter

in 1986. More than twice that number again will make up the total campus population.

Almost a small town.
And to mark the unveiling of the
University's foundation stone and the Sultanate's 13th National Day-the Year of Education and Youth Affairs—a commemorative stamp was

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placed. Lending is restricted to 85 per cent of deposits while the restrictions on the growth of assets limit them to 27 times of

**Profits hit** 

by excess

of liquidity

Apart from its concern to protect the Rial, the Central Bank and the Government want to keep inflation as low as possible. To this end interest, rates have been fixed for some years at 91 per cent for deposits and 111 per cent for loans. These rates can vary. The Government can barrow at much cheaper rates, as can some important private individuals.

However by setting up a barrage of controls, the central bank has been, some bankers argue, too inflexible.

### Equalisation

Because of the fixed interest rate system and the lack of exchange controls there was a large outflow in the early 1980s of capital attracted by higher eurodollar rates. A net foreign liability for all the banks of OR 11.7m in the late 1970s was turned into net foreign assets of OR 152m by the pregimning throughout the nest of 1983 to about OR 155m by the third quarter reflecting a narrowing in the gap between rates avail-able at home and overseas. the Financial Times that profits for the year would probably emerge virtually unchanged at OR 16.1m against OR 15.9m in 1982. There is no breakfown available, but in 1983 the local banks led by the National Bank of Oman, made roughly OR 10m and the 14 foreign banks OR 5m. Profits for 1984 will not be out of line with this apparently.

It was the shortness of liquidity which this outflow caused at the filme which led the Central Bank to stipulate that no bank can deposit more than 40 per cent of its met worth in foreign holdings. They have also sought to limit the export of mals by forbidding banks to hold deposits an non-resident financial institutions,

The Central Bank has ettempted to remedy this cur-tailment of opportunities by introducing Rial dollar swap arrangements. It has also encouraged a system whereby it will discount 90 day commercial hills. A new regulation requires than 10 per cent of all loans and advances in discounted bills. This has still not been enough to mon up surplus liquidity.

This is a result of the relatively slow emergence of banking in the country. Until 1970 only three banks existed in Omen. The British Bank of the Middle East (BBME) was established in 1948 and effectively according to the Same of the The commercial bills have so far not been a great success. Banks apparently feel unconfortable with them, and large private investors still seem strely acced as the mance mini-stry and central bank. The Chartered Bank and Grindlays followed in the 1960s, but it was not until 1975 that the Central Bank of Oman was set up. happier with postdated cheques.
Bank lending ratios have
been falling well below permitted maximums. This is 85
per ceot but in the last quarter
of 1982 the bank lending ratio
for all the banks was just 61.6
per cent. This crept up to 69.3
per cent by the third quarter
of 1983. The foreign banks thus had a head start and night up until the mid-1970s, even when the of 1983. Another indicator of the

excess liquidity is the way interbank rates have fallen. They are now running at 1; per cent for short term overnight money compared to 8 to 8 per cent a year ago.

There is no stock market in Oman and no other money

when the Central Bank got into its stride du main pre-occupation was to safeguard the value of the Rial which is pegged to the dollar. The Central Bank runs a tight ship. Fach hank must submit monthly markets other than inter-bank lending. It seems certain that the Government will introduce Treasury bills of three months,

Treasury bills of three months, six months, sine months and a year to try to provide further outlets for funds.

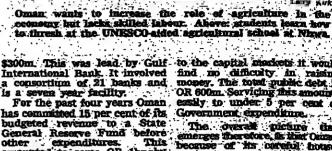
Meanwhile the bank managers complain that the country is overbanked, and that competition is too sharp because of the partial block on investing funds abroad. One general manager told me he recently had \$75m with which be could do nothing.

The hreakdown of lending by economic sectors shows that by the third quarter of 1983, 43.96 was accounted for by imports,

exchange exposure.

There is a decree that limits a bank's lending to any one customer to no more than 20 per cent of its net worth. Local banks complain that this is unfair since they have to rely on correspondents or associates abroad in the event of e big deal. Foreign banks net worth, however, is considered on a worldwide basis. They are therefore in a better position to move faster in the event of a large. ated for by imp

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Stewart Dalby

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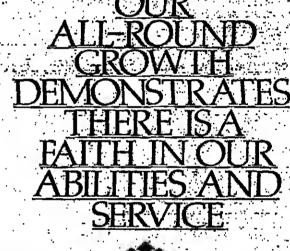
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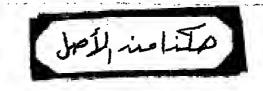
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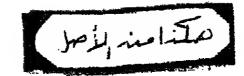
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# OMAN III

In a recent interview with Stewart Dalby, Sultan Qaboos bin Said al-Said aired his views on a wide range of topics from internal politics to Lebanon. This is what he said

Ayatolish Khomeini's threat to case the otrains of

lay March 13 lbs

to the capital marks a find no difficulty in money. The total pulse OF 600m. Servicing the existing to under 3 per Government extension.

Government expends The overall pitte emerges therefore is to

because of its cards, keeping in the respending more than te
ming been able to the
decline in oil press a
world recession relates.

It has gone a limber, but is in no way limber its means. Its foreign reserves stand at the is so underboround on prospect that the its visiting shortly.

Its development me is on schedule. If

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With a populating of under 1m people to shortness at most to make the more are 205,000 to workers in Ones I Indiana and Palman the mostly work of the mostly work of

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NEED ONG

To be see

We would like to think that he will not do it it is not good for anyone, it does not serve enyone's interests. Inere are tar more reasons for not doing it, than for doing it. In spate or this we must take seriously any threat that he might try something. We are opviously not in a position on our own to preent him attempting to close the Straits. We must ensure that we know what is happening and it possible in advance. We can then conter with nur Brother Guif states and decide on what course at action we must take course of action we must take

On the Iran Iraq War You saw there was some shelling this morning by iraq, so it will be Iran's iurn now, The thing will go on, and then hopefully they will get tired of it. Both sioes will see there is no sense in carried on is no sense in carrying on.

Iraq made a statement recently, in fact, Iraq has made many statements saying it is prepared to talk. A United stations delegation is supposed to look into the situation, so at least we might learn what the Iranians think on the ground.

Personally I do not see anything happening until Iran decides there is no sense in going on or the situation there changes. There is no sign ot it

On the Guif Co-operation Council and its defence policies In two years we've made a very good start. We want to take a step by step approach. Study situations and then decide now to tackle them.

Our brother states are giving us OR 800m (\$1,800m) over 12 years as defence aid. We are always glad when our brothers devote funds in help us modernise and build up our armed forces. But after ail, it is their defence as well.

We have been having joint exercises. There were recently joint air force exercises with the UAE and Abu Dhabi, I have not received the full reports yet, but I gather they went well. We want to join exercises as often as possible. We still have compount to so before a have some way to go before we have a concerted defence

The Soviet Union appears to have been less active recently but their long-term aims nave not changed. They want to dominate

On Lebanon

On Lebanon

Wo are really sympathetic and we feel very sad about what has happened to a brother country. My prayer is that the Lebanese, all of them, will sit down together and instead of fighting will once and for all work out a solution to their weaklesse.

I do not mean a short term solution but one which wili establish lasting institutions. It's basically up to the Lebanese, but any country which can make a contribution

I have always held the view that Jordan and the Palestinians that Jordan and the Palestinans should work together as they did in the past. Jordan should negotiate over the West Bank. After all, it was taken away

peace with all their hearts. They have already given an example with Camp David of what you can achieve through peaceful

Actual Lending

Amount in Excess Lending Ratio



Sultan Qaboos bin Said al-Said

I do not believe in changing

friends and changing a system which has been mastered under

one relationship, just 10 replace it with other advisers.

cause of the oil situation and

Can you give some examples? Well, in our second five year

'We should not see our-

country . . . we should

place our future in agri-

We have been lucky in de-

veloping late so we have been able to avoid the mistakes of others. We have avoided grand schemes. But we have made mistakes. In the first five years

we did everything in such a rush. Wo had to. But there was waste here and there and

things of dubious quality. Some schools were thrown up too quickly so we had to build them

You are said to be very

interested in agriculture.
Yes, very. We have to do
more. We have made certain
advances, but I nm not yet satisfied we are doing enough. A
problem is that people have not

yet come with or decided what

yet come with or decided what are the best methods for us. What should we produce? Should we have large cooperatives or many smallholdings? We are getting there. Our experimental farms are sorting which seeds and which fertilizers and so on. We want to be able to produce enough

to be able to produce enough food not just for ourselves but

I would agree with my minister who told you that we should not see our future as an industrial country, although

we are producing some small things. We do not have the trained people and the markets

666 460 566 0,4 69.2

691 479 587

69.3

for export. On industry.

67.4

Our priorities

the recession. Our

hospital instead.

culture.'

war from which nobody benefits. (Sultan Qaboos was one of the few Arab states not to condemn Egypt over the Camp David peace accords.) On South Yemen

exchanging diplomatic relations but we have not exchanged ambassadors yet. I regard tho war in the 1870s as a closed chapter (South Yemen sup-ported guerrillas of the Popular Front for the Liberation of Oman against the Sultan's armed forces in the 1965-75 campaign).

It is always better to get on with your neighbours, providing they are not interferring with you. It takes time to build up confidences again, though, and we are not going to rush things. On the Soviet Union

The Soviet Union appears to have been less active recently. But you must remember they do not always do things directly. In Angola and Ethiopia they used Cuban troops and Cuban troops are still in both places, I

Many countries of the world feel that dangerous situations are being created by activities like Afghanistan, and this may have caused them to calm down a bit. But I don't believe their long term aims have changed. They want to dominate. Do they want to dominate in the Guis? plan we were going to build nore roads, but we have a net-work of roads good enough for our needs, so we are going to

Certainly, it is an important strategic area. We all know they want to create a situation which would serve their aims of expanding bere. They have always wanted to expand here. You are said to be against having U.S. bases in Oman

No, never. The advantages of bases are far outweighed by the disadvantages. First, if you have bases, you yourselves become a target of superpower confrontation. We would not like out country to become a superpower battleground.

Second, I do not think my people are politically inclined to accept such a thing. It is only right that they should not have foreign soldiers wan-dering around the place. The occasional ship can visit but

Lebanese, but any country not troops. I will never allow hases, I assure you.

On King Hussein of Jordan's initiative on the Palestinian question

The Americans have facilities. They have been altering some facilities. That is part of our agreement with them. There should be an ability to accommodate them should the need arise. The freedom of the Gulf is in the West's interests. They should have facilities

After all, it was taken away from them by the Israelis in that unfortunate war. The Palestinians can work out with Jordan whether the West Bank should be a mini state, part of Jordan or whatever.

President Buharak of Egypt seems to be welcome back in the Arab feld after a period of isolation. Presumably your approve of this.

Very much. It is not too late for others to realise that the Egyptians tried to work for peace with all their hearts. They

our use with Strain go nack a very long way. We have been friends for a long time. Our armed forces were traditionally officered by the British. Today with Camp David of what you we have civilians who work for an achieve through peaceful us and the military relationship has been maintained and has been a great help.

BANK LENDING RATIO

404 557

61.6

585 417

497

480 4.1

may not exist or already be taken if they do exist. Here we really have learned from the mistakes of others. I can think of countries who have built up industries only to find that they cannot sell the stuff. We should place our future in Oo the State Consultative

The first two sessions have ended on a good note. We are increasing the number of members from 45 to 55. The committee system is working well They meet every month and we

Do you forsee any further

have hirger sessions each quarter. They send policies for my endorsement regularly and I either sign them or if they

political movements?
Not for the moment.
They is enough work to be done lavolving the economy and social things. Foreign affairs

What is the rationale behind having your own university?
It is better that our people have their education in their own country, within their own environment, and not be sub-jected to loneliness and other pressures elsewhere.

What is the point? When our own people are ready and trained, then they will take over. That is only right. Secondly, we want to establish an education system satis-I cannot tell my people when the time comes for them to do jobs that I am bringing in other outsiders just for a change. factory for our needs. We are going to have practical courses, medicine, engineering, agriculture and the like. We do not intend to have philosophers or Yes, I suppose my own backpoets, not yet anyway. We need scientists to serve the country but they will be intellectuals in their //n right. ground does have something to do with it. You hulld up trust in a relationship.
You plan to spend 44 per cent
of this year's hudget revenue
on defence. Do you consider
n essential?

What do you regard as your main achievements and what are your hopes for the future? I consider it absolutely essential. I do not think any development can succeed unless you That is a very big question. My great satisfaction is that people seem happy with have a secure country. Once you are secure you can mingle t I am doing. They express this happiness to me. They even look happy. I drive around and freely with other countries. You can invite other people to visit. seem relaxed and con-You cannot develop and pros-per, if you feel constantly under

For the future I want to do more of the same. We have just On the Economy.
Our economy is very sound.
Our programmes are steadily coming to fruition. Our nlaws have not suffered a setback beaid the foundations really. have been in a position to do things and we have done them I hope sensibly gradually and earefully. We are not interested in doing anything for show.

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nate of Oman its many companies dealing in diverse products & services, participate in all key areas of the

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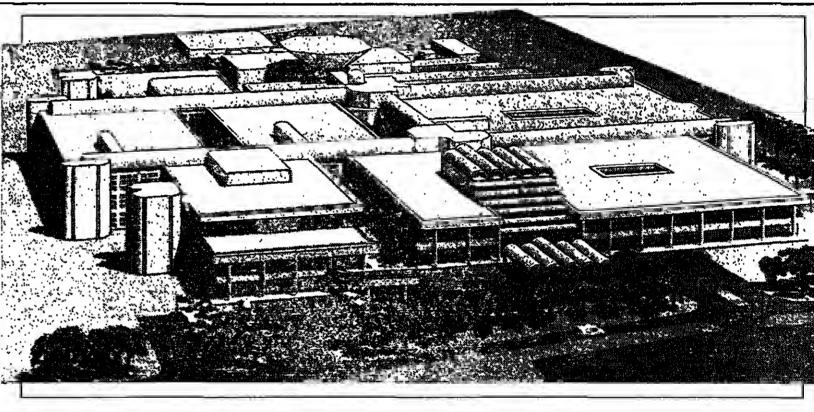
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Wimpey Alawi LLC have contracted four major projects in the Sultanate of Oman worth in excess of £176 million. Royal Hospital. £147 million.

The project involves design, construction and equipping a 500 bed hospital, together with staff accommodation in houses, flats and hostels.

Complex to be built as a 2 and 3 storey split level building to suit the contours of the gently sloping rocky side.

Architects: Percy Thomas Partnership. Civil/Structural Engineering: Wimpey Group Services. Consulting Engineers, Mechanical & Electrical Services:

Donald Smith Seymour & Rooley. Building Services Subcontractor: Brightside Mechanical and Electrical Group Services Ltd.

Quantity Surveyors: Monk & Dunstone Associates (Middle East).

# WIMPEY CONSTRUCTS FOUR MAJOR PROJECTS IN OMAN.

Ministry of Foreign Affairs. £12 million. A ministry complex being built in Muscat for the Director General of Properties of the Diwan of Royal

Court Affairs. Complex will have one, two and three stories with reinforced concrete frame and hollow block infills. Finished specifications include extensive use of Italian marble and teak panelling. Consultants:

Fitzroy Robinson & Partners (Middle East).

Housing Complex £11.6 million.

Contract to build accommodation for 310 staff and dependents of the Oman Cement Company (SAO). Complex comprises 27 houses, 5 apartment blocks, two dormitory units, a mosque, senior and junior staff clubs, swimming pool, medical centre and shops. Included are all infrastructure items such as roads, electrical intakes and distribution, water and sewage works. Consultants:

Messrs Huckle & Partners (Oman).

Power Projects. £6 million.

John Brown Engineering Ltd. placed the order for civil and building works for a 250 MW power station in Rusayl, Northern Oman.

Work, which is now completed, involved construction of turbine and ancillary foundations, control and administration buildings and some associated external

Consultant Engineers: Anthony Masters and Partners Ltd.



George Wimpey International Limited. Hammersmith Grove, London W.5 7Eil Tel: 01-748 2000 Telex: UK 25666 Overseas 22456



Wimpey Alawi LLC, PO Box 4436 Ruwi, Muscat, Sultanate of Oman. Telephone: 610267, 610347,

# Liquidity excess Agriculture and Fisheries and disbursed for housing purposes.

Amount in excess is the sum of excesses of individual banks and is not the difference between aggregate actual lending and permitted lending of all banks

CONTINUED FROM

PREVIOUS PAGE

Long-term lending is done Khayata estimates that fotal are the Oman Overseas Trust abnost exclusively by the Government's lending agencies, notably the Oman Development Bank, the Oman Bank for OR 75m of which OR 63m was

the Oman Housing Bank.

15.47 per cent by construction has been involved to date in and 20.17 per cent by personal 109 projects ranging from food agencies, the banks have 190 loans.
One area into which the banks do not stray and where there is the projects ranging from 100d authorised branche authorised branche 175 are operating.
The moratorium of the projects ranging from 100d authorised branche 175 are operating. for greater activity is long-term.

Much of this was short term lending.

If the country is overbanked, The Oman Development Bank it appears to be underbranched.

Including the three government authorised branches of which

> The moratorium on new banks setting up was lifted in 1981 but since then only two banks have set up in Oman. They are the Oman Overseas Trust



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# Private sector urged to play bigger role

### Industry

THE SECOND Five Year Plan (1981-85) has seen considerable government impetus into the establishment of both small and medium-sized industrial projects. There is limited scope for industrialisation within Oman, principally in the manufacture of goods currently imported, and the Government is anxious that the private sector should lay down grass roots in industry, particularly if this involves the use of local raw materials.

One of the larger projects to come into production is the cement factory at Mina Raysut in the Southern Region, which is already producing 210,000 tonnes of cement a year, using limestone and gypsum mined

The Raysut Cement Company is a 20 per cent government owned, joint stock venture. A second cement factory, the state owned Oman Cement Company has been completed at the new Rusail Industrial Estate in the

Together they will produce approximately 60 per cent of Oman's yearly coment require-

Good quality cement is available cheaply from the neighbouring UAE due to shortage of construction work there. However, Oman can either levy import tariffs to protect its own market, as cement was one of the items excluded from the recent Gulf Co-operation Council trade agreement, or undercut the price of foreign cement in order to keep building costs within the Sultanate to a

A second large industrial project to come on stream in the last year is the animal feed mill, run by Oman Flour Mills. Quantities of animal feed are provided at subsidised rates to Jebali cow herders in the mountains of Dhofar. Oman Flour Mills has recently entered a scheme to double daily flour production to 300 tonnes which will help Oman to become self-sufficient in flour within the next decade.

Loans from the Oman Bank for Agriculture and Fisheries and from the government have enabled the setting up of the

A major project to come an stream is the Oman refinery operated by Ashland (Oman) Company, a subsidiary of the U.S. company Ashland Oil. The U.S. company Ashland Oil. The refinery's capacity is 50,000 harrels a day. Since the refinery began production in November 1982, Oman's imports of refined oil have dropped from OR49.5m during the first six months of 1982, to OR7m for the same period in 1983.

### Incentives

In order to tempt the private sector into small-scale industries the Government is offering a number of incentives including cheap land and elec-tricity, import duty exemptions on raw materials and machinery and soft loans. The loans are interest free on up to 100 per cent of paid up capital, repay-abla over 20 years. The 1984 budget includes a OR9m sub-

sidy for the private sector.

Another incentive is the availability of government-sponsored feasibility studies into likely projects. Already studies have been carried out on a steel rolling mill, steel executive plant to refine assembly plant, a plant to refine used lube oil, a leather shoe factory and factories making wooden furniture, kitchen units and melamine kitchenware.

There is a steadily increasing trade exchange between Oman and the rest of the GCC mem-ber states and close liaison is ber states and close flasson is taking place among government bodies concerned with indus-trial licences to avoid establish-ing similar industrial projects within a relatively limited market and to encourage joint ventures. One such venture is ventures. One such venture is the expansion of the pharmacentical industry in the Gulf and the setting up of a plastic syringe factory in Oman.

Oman Organic Fertiliser and Chemical Industries' plant at Baushar. The plant which recycles waste matter into fertiliser has already commenced operations and is aiming for an output of 10,000 tonnes a year.

A major project to come on hatteries and detergents. car batteries and detergents.

Already a number of small-

and medium-sized companies have staterd operations. Some of the earlier ones were the date processing plant in Nizwa and the banana packing plant in the southern region. A spark-plug factory manufacturing under licence from UK's Smith Industries started production last year together with factories making electric wire and cable, and namer has

making electric wire and came, and paper bags.
Since the start of 1984, a rash of new industries has sprung up. A giant crushing plant producing aggregate used in concrete has been installed at Rusail for Al Eastri Company which is wanturing into the which is venturing into the crushing husiness for the first

time.

The plant has been installed by Ziaddeet Traders and Contractors, local agents for West Germany's Riceman Reiner and has a capacity of 200 tonnes an hour. Plans for a second crusher at Sohar are being finalised.

Al Turbit Coment Products

Al Turki Cement Products LLC have just installed a fullyantomatic computerised con-crete block making machine which can churn out 900 blocks an hour at Ghallah.

An antomatic brick factory opened in the Azaiba industrial area at the end of February. The factory can produce up to 600 types of brick to meet local demand and replace imported bricks from the UAE. Initial daily production is 20,000 large size bricks.

A detergent factory also opened at the end of February which is capable of meeting local demand and at a later stage will export to other Arab countries. The factory also has a licence to produce brand es marketed in the Gulf.



national at Eusail industrial estate in the north. It and the new Mina Raysut factory will produce 60 per cent of Oman's yearly cement require

year was the Perfume factory, Sohar, producing probably the world's. One most expensive perfuma called "Amonage" which is packaged in solid silver flasks dipped in possible

gold.

A recent official report predicts that by the end of the second Five Year Plan in 1985, industrial output will have more than quadrupled to OR67. Im when compared with 1980 figures. The rise, which reflects an annual growth rate of 34.2 per cent will significantly contribute to the precantly contribute to the pre-dicted 155.5 per cent overall expansion in gross domestic product during the second Five

Pride of place within the Government's industrial development plans goes to the and maintenance of roads and new OR 20m Russil Industrial to drive graders and other Estate, phase 1 of which was completed early this year. The estate covers 45 hectares of ground comprising 77 commential plots, 11 of which are already allocated, and has an intrastructure of reads, water recruitment of foreign labour is infrastructure of reads, water, electricity and telephones. Phases 2 and 3 which are in the design stages will add a further 45 hectares to the estate. Plans are already under

An unusual industry to start consideration for the laying of production at the end of last a further industrial estate in

One of the Gover main aims is to utilise the skills of Omanis wherever possible and an increasing number of technical appointments are being filled by Omani manpower. A Department of Manpower Planning was established in 1982 within the Ministry of Social Affairs and Labour under a technical co-operation agreement with the World Bank, to train civil servants in Planning for a local labourforce in all cadres and to train them to fiff vecancies in public and private sectors.

In line with this policy the Directorate General of Roads has lanneled several courses to train Omanis in construction.

some time, although already recruitment of foreign labour is being discouraged in fields where there are qualified Omanis available to fill the Job.

Jennifer Robb

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PREST NEWS TO

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# Ambitious plans remain intact

### Construction

DESPITE THE shortage of work in the United Areb Emirates m the United Arab Emirates which is causing an influx Into Oman of companies seeking contracts, prospects for companies established within the Sultanate

Plan are going ahead and a However, this project too may beady economy has resulted in no deferment in government spending.

As government projects form the bulk of available contracts in Oman, the contracting situa-tion is heavily linked to the Five Year Plan, now in its fourth year. Most major govern-ment infrestructure projects are spread amongst the large international contracting companies. either operating alone or in joint ventures with local com-

One of the targest projects taking place at the present time is the Sultan Qaboos University at Al-Khoudh, 10 km west of Seeb Airport. The £215m turnkey construction contract was awarded to Britain's Cementation International, a wholly-owned subsidiary of Trafalgar House group, in March 1982. Eighty per cent of the finance for the project is guaranteed by UK's Export Credits Guarantee Department (ECCD).

A further contract valued at £80m has been awarded to Comentation International for Cementation International for the construction of a university include a training school, onhospital to open in 1988. The hospital to open in 1988. The hospital to open in 1988. The hospital will operate as a teaching institution for the university and as a general hospital of the capital area.

A OR 78m (£156m) district Five Year Plan, commencing in hospital at Ghubrah is under construction by Wimpey Alawi subcontracted by Wimpey Subcontracted by Wimpey Existing slum area of South Ruwi near Muscat and Hamriya

A OR 78m (£156m) district hospital at Chubrah is under construction by Wimpey Alawi subcontracted by Wimpey International, and will be ready by the end of 1986. Wimpey Alawi have also commenced construction of the new Ministry of Foreign Affairs Building.

Joannou & Paraskevaldes (Oman) are construction to

Joannou & Paraskevaldes (Oman) are constructing the OR Som 250 room huxury Al-Bustan hotel and conference centre which is opening for the 1986 GCC summit. The Baushar sports stadium is being built by Tavania Mandaras Travanii at a Taylor Woodrow Towell at a cost of OR 30m.

Yamya Costain has been awarded the OR 35m contract to build a camp for the Armoured Regiment for Ministry of Defence and John Laing has a OR 24m contract for a military hospital. The OR 50m Rusall Power Station has now been completed by John Brown

Engineering.

A few major projects listed within the current Five Year Plan have not yet commenced but provide interesting prospects for the next few years. One of them is the Wadi Dayqah dam which is to supplement the capital area water supply.

Designs for the dam have been prepared by UK's Sir M. suit and built by Oman Building MacDonald & Partners to pro-

vide a 100m cubic metres' capacity but the project is held up by lack of funding. It is possible that this project will attract ECGD backed credit. financing providing strong opportunities for turnkey bids from UK companies

The OR 40m Salalah Sewerage Scheme has also been dis-cussed for some years. Although preliminary feasibility studies tracts, prospects for companies satablished within the Sultanate look bright.

Almost all projects within the 1981-85 Five Year Development have been carried out by UK's John Taylor & Sons, to date no consultant has been appointed and again the project has been delayed by lack of financing. well attract an ECGD loan. A are of sufficient urgency that they wil be included in the next Five Year Development Plan.

Still to commence is the OR 100m Mina Quboes Port Extension, now in the detail design stage. However, bids have now been received for a site investigation contract which will enable the consultants, Maunsell & Partners to draw np detailed designs for the extension which includes a 1,000m breakwater, a 600m container berth and ground levelling for a container terminal. The main construction contract is not likely to go out before the end of the year.

# Naval base

Negotiations are also in hand with West Germany's Hochtief with West Germany's Hochier, and Joannou & Paraskevaides (Oman) for further work at Wudam naval base which will eventually service Oman's navy in preference to Muscat harbour. The work which will include a training school, outlined the service of the service of

Ruwi near Muscat and Hamriya into a modern community. Pro-posals include a new dust car-riageway from Hamriya round-about to Wedi Kabir, mustistorey car parks, extensive land-

storey car pars, extensive lain-scaping and the provision of essential services.

Many of the major road pro-jects were completed in time for National Day at the end of last year, including the RO 19.5m Qurum-to-Darsiat bypass and three flyovers at Wadi Adai, Hamriya and Ruwi round-abouts, which have considerably eased traffic congestion in and out of the capital area. A fourth flyover at Watteyeh is currently under construction. Designs for further flyovers on the dual carriageway between Qurum and Seeb Airport have been drawn up by Lebanon's Conser, and preliminary plans for a dual carriageway between Rusall and Nizwa are being prepared by Athens-based Gibb, Peter-

mueller and Partners.
In the Southern Region an extensive mountain road network designed by Canada'a Can-

now being drawn up by Maty's Sohar area. An industrial area Italconsult fo run 83 km road in th Southern Region already linking the coastal villages of Mirbat, Juffa, Such and Had-

Out to tender is Phase 1 ofthe RO 50m road contract from Mughsayi to Dhalqut. Designs for this road, which covers ex-tremely difficult tenzin, have been drawn up in time chases by UK's Mannsell and Partners, Phase 1 of the RO 20m

Rusaid Industrial Estate which entailed laying an infrastru-ture of roads, water, electricity and telephones over an area of masterplan for the capital area
sewerage system is also under
consideration and both projects
have been allocated. Plans for
the consideration and both projects
the consideration and considera Phases 2 and 3 are being prepared by UK's Turner Wright and Partners and it is envisaged that by 1989 the estate will cover 90 bectares. If the success of the project continues, it is possible that a second indus-

exists at Raysut, and plans are under way to establish a heavy industries centre there.

Although most of the larger infrastructure projects within the current Five Year Plan are either well underway or have been completed, there are still enough smaller projects to keep most of the contractors busy until the end of the plan period, although consulting en-gineers are finding that the limited amounts of design work are causing stiff competition.

Sub-contracts are still being swarded for many of the major projects—the university, the tank training centre and Al Bustan village. In addition there are also a number of projects to be tendered this year which will attract medium shed local firms.

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Wealth.

Oil and hydrocarbons account for 96, per cent of exports and over 80 per cent of exports and over 80 per cent of government revenues. Oil and oil-related activities account for 65 per cent of GDP.

Given this dependence, the past year should have been one of concern for Oman. The Opec price fell or was cut from \$34 a barrel to \$29. The country is not a member of Opec or of Ospec, but it is a member of the Gulf Co-operation Council na not a memory or Opec or or Oupec, but it is a member of the Gulf Co-operation Council (GCC) and must be sensitive to the wishes of its fellow mem-

Oman has been selling its oil through a series of bilateral arrangements, with growing evidence that oil companies are increasingly willing to buy

all Oman can offer.

Neventheless it is doubtful whether Oman can go much below the \$28 figure at has reputedly been obtaining recently.

The country has been able to offset what amounts, at the \$28 figure, to w. 20 per cent drop in prices by pushing up its output. It has been helped in this because it is not and probable neares will be a raise. ably never will be a major pro-ducer and its output does not seriously affect world levels.

### Exploration

Production in 1981 was \$30,000 b/d—indeed the second five-year plan was based on assumptions of production at this level and a price of \$39. Output moved up to 385,000 b/d, in 1982 and toward the end of last year had reached \$35,000 -b/d. The production

end of last year had reached 385,000 -b/d, the production ceiling having been raised to 400,000 b/d. It producing 400,000 b/d and could go up to 420,000 b/d and could go up to 420,000 b/d or 450,000 b/d without seriously depleting reserves estimated at between 300 and 400 bearels. The ability to push up production like this (even if the totals are still modest by the standards of other producers) is in charp contests with the

in sharp contrast with the gloom which existed six years ago. Then production was beginning to level off and Oman counce. Production finally discouraged exploitation.

Production finally discouraged exploitation.

Peaked in 1980 at 282,000 b/d.

Today, the fields around marmul Cobarri, Rahab, Birba

Marmul Cobarri, Rahab, Birba oked as if it faced an otless

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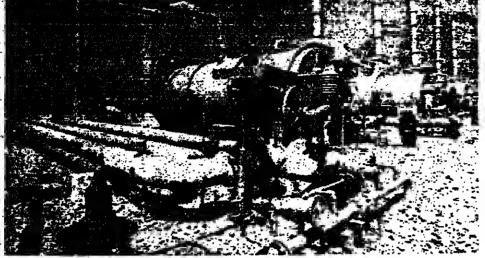
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ومبتاعة



PDO's sil terminal at the Mins al Fahal where light and heavy crudes are mixed Opec standard and are then experted



was netually discovered in the yet needed but could be used in 1950s, but its crude was heavy, the future.

22 APL The insurgency in The main olifields around Dhofar province subsequenti

discovered there in the 1950s and exports began in 1967.

The Government launched an intensive exploration and production programme, however, and encouraged the off companies in the country to do the tame.

duction programme, however, raind.

It is mired with lighter crudes to give the Opec standard 34-35 asize.

API and exported from the lighter crudes to give the Opec standard 34-35 asize.

API and exported from the lighter crudes to give the Opec standard 34-35 asize.

API and exported from the fields centred on Margual in the south in Dhodar province was a maintained by natural water brought on stream. The field drive Secondary recovery is not

The main oilfields around Fahud, Lekhair, Yibal and Natih have declined and now produce around 250,000 b/d. Secondary recovery techniques -- mainly gas and water injection to maintain pressure, keep

production up.
The fields are becoming more The fields are becoming more expensive to operate. But not too expensive, according to Said Ahmed Said al Shanfari, the Minister of Petroleum and Minerals. He says Oman's most expensive oil costs \$7 a barrel to produce compared with \$20 for Britain's North Sea oil.

A further 50,000 b/d is produced from a group of central fields around Garn Alam and Habur. All this production is

fields around Garn Alam and Habur. All this production is in the main petroleum Develop-ment Oman (PDO) concession area of 129,500 sq km. PDO is now owned 60 per cent by the Government, 34 per cent by Shell International, 4

per cent by Compagnie Fran-caise des Petroles (CFP-Total) and 2 per cent by Partex. Until PDO was rearranged in the mid-1970s, the Government had no equity interest in the concession granted to the opera-

concession granted to the operators. Now company policy is set
by a nine-man board, five of
whom are Omanis.

The Government sets 60 per
cent of the oil and the compantes take the rest. They are
lightly taxed on their share of
the oil. In practice the Government sells a lot of its oil back to
Sholl which has a management Shell which has a management

contract.

The only other group actually producing at the moment is Elf Aquitane in partnership with Sumitomo and Wintershall. They have a light oil field Sahma in the Butabul area of west central Oman. Production started in Novem-

ber 1980 through a 95 km pipe-line connecting the oilfield to the PDO pipeline. At present output is rumine at 10,000 b/d of light 40° API crude. This makes up the 400,000 b/d production level.

# Carve-up

The Elf agreement and those with other concessionaires are on a production sharing basis whereby the concessionaire bears the costs of exploration and production development. There is a provision for the recovery of the costs from a portion of the ultimate sales revenues (maximum 40 per

The remaining major portion of the revenue is then shared between the Government and the concessionaire. The Government's share under these agree-ments is usually 80 to 85 per

The most recent carve-up of concessions was in 1981 when PDO relinquished five areas.

Amoco took a 49,000 sq km block in the north Oman more block in the north Oman moun-

toins and an Elf-led consortium comprising Kuwait Petroleum Corporation, the International Energy Development Corpora-tion and Sumitomo of Japan a 27,000 sq km concession at Saiwan on the mainland across from Masirah Island. Another Japanese oil consor

tium, Oman Japan Development Company signed a production-sharing agreement for an off-shore concession at Masirah Island and Japex Oil, another consortium, signed up the Wahiba concession north of

The other major foreign operators in Oman are a BP Agi Denimex Hispanoil group operating a concession in West Dhofar and Quintana Gulf Occidental Group in the Sunainah concession between Jebel Akhdar and the UAE.

In all there are at least ten concession areas being worked with around 30 foreign comanies either on consortiums or

working singly.

Besides the sums spent by
PDO the other concessionaires in 1982 spent \$159.7m

has been made in the Japez concession area. The Ministry of Petroleum has not yet revealed the possible amount except to confirm that there are commer-cial quantities and that it is light crude, perhaps 46 degrees

The most immediately exciing prospects are within the PDO areas in the central area of Oman. This year new finds at Zauliya, possibly capable of producing 10,000b/d are due to come on stream. In 1985 and 1986, new fields at Suwalhat, Rasha, Barik and al-Chuban and expected.

Later there is an exploration and development programme for the southern fields. Oman also has 6,000bn cubic feet of associated and non-associated gas. This, at present,

associated gas. This, at present, is entirely used to power the main power stations in the north and the capital area. It provides power for the copper project at Sohar now producing 1,000 tonnes of refined ore a month, the cement plant near Muscat and the new industrial extent at Rusail just industrial estate at Rusail, just

### outside the capital area. Doubts

saving.

Gas is also used for oil recovery. A recent estimate had it that 3,000bn cubic feet of gas will be needed for the next 40 years for domestic and industrial needs and a further 4,400bn cubic fact for expensed 4,400bn cubic feet for enhanced

oil recovery.

This is slightly more than current known reserves. But there is an extensive exploration programme and not just for associated gas but also "dry"

or non associated gas but also "dry" or non associated gas.

This year Oman oil refinery at Mina al Fahal, near Muscat, went into operation. With a capacity of 50,000 b/d it can cater for all Oman's domestic needs and will, in due course, represent a foreign exchange

It now looks doubtful that the much-mooted 200,000 b/d refinery connected by pipeline to Saudi Arabia, and posssibly sited in Salalah in the southern Dhofar province, will be built. The Bechtel Corporation is due to report soon, and the original idea was that the \$2bn cost would be met by Saudi Arabia and other Gulf states.

The refinery would provide a useful hedge against any closing of the Straits of Hormuz. Both the Ministries of Finance and Petroleum have doubts about the viability of a refinery. although both are keen on a

One pipeline that certainly is being built, or at least improved, is the existing internal pipeline. Much of the network is old and this has been one of the main obstacles to raising production much above 400.000 b/d. At a cost of \$200m a 500m in the being built between pipe is being built between Fahud and Nahadah, a 42-in pipe from Nahadah to High Point, and a 38-in pipe from

High Point down to the coast.

A second phase will include replacing 325 km of the main line and providing extra loops for places like Sahmah Qarn Alam and Nahadah pumping



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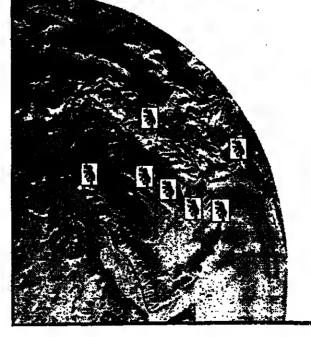
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trial estate may be but Sohar area. An induse in the Southern Began exists at Raysut mix under way to establish industries centre tes Aithough most of &

infrastructure project the current Five Year. been completed, there chargh Smaller project mes: of the commen period, although com rineers are india to are causing still compact.

Sub-contracts at al awarded for many of the projects — the minus can's training center Bustun village h there are also a manufic jests to be tendered in which will attract mit. local firms.

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1 Spinney's Overses

# Bell tolls for endless engaged tones

Telephone

most of Oman's telephone net- Norconsult's improvements the capital area are to be work was only installed during were outlined in four contracts replaced with a digital tele-

System

With the rapid development in the requirement for better communications, the general telecommunications organisation (GTO) appointed Norway's Norconsult to plan a scheme that would completely modernise Oman's telephone on the line when one tries to telephone Muscat during business bours but lt is important to remember that most of Oman's telephone net
most of Oman's telephone net
munity of over 250,000 people.

With the rapid development in the requirement for better communications organisation (GTO) appointed Norway's Norconsult to plan a scheme that would completely modernise Oman's telephone system and put it on a par with the most modern system existing anywhere in the world.

Norconsult's improvements nunity of over 250,000 people.

The first one included new exchanges and lines for the capital area, the second long distance links from Firo. near Nizwa, to Salalah and Firq to 1bri. The third covers the new telecommunications centre and the fourth the upgrading of the existing trunk cable from the capital area to Firq.

The first two contracts were awarded to West Germany's Siemens at a total cost of OR 31.4m (\$90.9m) and are due for completion by October this year. Existing exchanges within

modulated cables are being installed from Muscat to the Al Bustan Hotel complex which is being constructed for the Gulf Co-operation Council summit tentatively scheduled for 1985

Two new coaxial pulse code

A repeater station has been constructed at Firq and a second at Rusail by Douglas OHI which is also constructing the new telecommunications centre. The Rusail repeater station will serve the new university and the Rusail industrial estate.

### Direct dialling

The long distance routes from Firq to Salalah and Firq to Ibri which make up the second contract are well under way and include 1,000 km of microwave links. Direct dialling to Salalah only came into operation in 1982 and at present Salalah is served by only 48 trunk lines through earth satellite stations. The new link provides channels for 960 telephone lines, one TV line and five sound channels. line and five sound channels. The channels will be connected to the Salalah earth satellite by solar-powered microwave towers which are already under con-struction. A 10,000 telephone hine exchange at Ibri is cur-rently out to tender and a number of other exchanges are planned throughout tha rural

The nerve centre of the tele-The herve centre of the tele-communications network is the telecommunications centre, an impressive fortress-like build-ing adjacent to the GTO build-ing in Greater Mitrah, Construction of the building by British-Omani company Douglas OHI has been extremely rapid using the slipform technique of shuttening which was also used shuttening which was also used once before in Oman to build the Mina Qaboos grain silo. The 70-metre central tower only took two weeks to construct, rising at a foot an hour and the four surrounding bowers were constructed in a week each. The central tower will be handed over to Siemens, which is instabling the telecommunications rations equipment in two
weeks and when fitted with
antennae will rise to a height
of 86 metres—the tallest building in Oran. The four surfounding towers will house air

phone switching system which Computer and other dat has recently been described as systems can be linked into the a "lasp in technology" and will new talecommunications system completely modernise the telephone system. In addition a 40 Rapicom facsimila machines further 11 new exchanges are able to send documents via to be installed which will be telephone within 20 seconds. connected by microwave links which will be installed and underground cables. A offices. In the region of number of coaxial cables are new telex lines have being upgraded to carry up to recently been installed.

115,000 telephone lines.

The fourth contra which will be installed at post offices. In the region of 15,000 new telex lines have also

The fourth contract upgrade the existing trunk cabla from the capital area to Firq was won by Sweden's Ericsson which installed the original network. The OR4.1m original network. The OR4.1m contract upgrades the cable which carries 2,700 telephone lines and a TVs and radio channel to carry 3,900 lines. A further contract has been awarded to Ericsson for interconnection equipment to link existing exchanges with the new electronic systems.

Apart from the four major contract a number of other projects are tisted within the GTO capital budget of OR98.5m (\$285m) for the 1981-85 second five-year plan. Local company Al Fairuz Trading and Contracting bas recently been awarded a OR 3.3m contract, due for completion in six months. to completion in six months, to instal three telephone exchanges in Selalah which will initially provide 12,000 lines but can be expanded to 100,000. A
OR 122,929 (\$355,697) contract
was awarded in January to
Oman Holdings International
(OHI) telecommunications to
extend ship-to-shore communications from the Wattayeh
coast station, via Schar and
Khasab. The capital's Hajar
satellite station has recently
been upgraded and a contract been upgraded and a contract awarded to Italy's Sociedab Telecommunicasione Spaciale (STS) to incinde a dish to allow national services to be carried by Arabsat, and a station and exchange for

### .Monitor

The Ministry of Posts, Telegraphs and Telecommunications bas also drawn up detailed plans for the installation of frequency monitoring stations throughout the Sultanate which will monitor all emissions and ensure that licensed operators are using their registered fre-quencies. The plan includes mobile monitoring stations and direction finding vans as a back up to ground stations, the first of which could go into operation by April this year.

Another interesting project concerns a network of mobile telephones for use in vehicles with repeater stations through-

Jennifer Robb

# Scope for big increase in catch sizes

# **Fisheries**

UNLIKE agriculture, where there are doubts and uncertain-ties about increasing output and achieving self-sufficiency, the propects for fishing are clearly good.

The total catch is put at 60,000 tonnes a year. However, recent surveys suggest that there is a stock of 300,000 tonnes of demersal (bottom feading) fish, which would allow a total annual catch of 300,000 tonnes without seriously depleting

The main species found in Omani waters are rock cod,

snapper and cuttlefish. present catch of 40,000 tonnes a year of sardines indicates that a much higher yield is possible. Various studies suggest that there are large quantities of fish such as yellow fin tuna, anchovy and kingsch

Soma 11 to 45 tonnes of lobsters could be caught a year while large quantities of abalone are found in the waters of the south. Oysters grow freely along the rocky parts of coastline, and as yet are not commercially ex-ploited at all.

There are possibly 7,000 to 8,000 fishermen, most of whom have modest outhoard craft, or even sailing fishing boats.

The Oman National Fisheries The Oman National Fisceries Company was set up in 1980 to enable fishing to be carried out on a larger scale. The company, 60 per cent owned by private Investors, 20 per ceot owned by the government and 20 per cent by individuel fishermen, operates four trawlers. In 1981, its first full year of operation, it is

believed to bave made a profit of OR 800,000 (£1.6m). The company runs the Muttrab Fisbing complex, which consists of fisb processing, en ice plant and large freezing and cold storaga facilities. storaga facilities.

The government has also been

involved in joint ventures with foreign concerns. First there was an agreement with a New Zealand concern, although this was largely confined to surveys and exploration, Between 1975 and 1977, the government operated an agreement with a Japanese consortium. This was taken over hy the Korean Overseas Fishing Company.

The idea was that Oman would get 30 per cent of the catch. Since the Koreans have heen hauling less than 10,000 tonnes a year and this has been below expectations, there is a question mark over the future for joint ventures.

# **Equipment loans**

The poorer than expected showing by the Koreans has, in part, led the Omanis to believe that they are perhaps not quite ready for large scale deep see fishing within their 200 miles The stock of pelagic (non-bottom feeding fisb) is more dif-ficult to ascertain, but the ficult to ascertain, but the have the manpower or the expertise to run a large deep sea fleet.

Despite the success of the Oman National Company, the emphasis during the rest of the second five year plan will probably be on the small fisherman to try to increase productivity.

The Oman Agriculture and Fisberies Bank was set up three years ago specifically to provide loans for equipment to farmers and amail fishermeo. Fishermen can obtain grants of up to two-thirds of the cost of the equip-ment. A total of about 500 hoats and 2,000 outboard motors have been supplied through the bank,

The other aspect of fisheries development is the Government's setting up and promotion of processing and cold storage around the country. There are now 13 sucb centres, with facilities ranging purely from cold storage to an ability to process and treat the fish.

Some experts feel there is plenty of scope for downstream activities such as canning and fishmeal manufacture. The Government, however, does not feel it is quite ready for this.

# Aiming for food self-sufficiency

OMAN'S second five year plan 1981-85 estimates that there are a total of 41,024 bectares of land under cultivation. Of this 48.2 per cent was under date cultivation. Some 5 per cent was limes, 4.6 per cent vegetables and 19.6 per cent others.

In terms of livestock in

In terms of livestock in 1980 there were L2m goats, 138,000 sheep, 319,000 cows. There are no precise figures for bow much food Oman imports but the Ministry of Finance estimates that Oman is 60 per cent self-sufficient in food. Its main food imports are wheat, rice and other cereals.

Oman does, however, export food. The plan says that farm produce and fish were worth

the figure for 1980. Approximately OR 5m worth of these mately OR 5m worth of these products was exported, mostly dates, itimes, fruit, fish and vegetables. The figure is rough, because some food was cross-border trade, where there are no customs posts. In the Masandum peninsula, for example, where the 15,000 population depend on fishing for a livelihood, most of the fish is sold across the border in the UAE.

is in the UAE.

The hope is that Oman can become not only self sufficient in food by the end of the Plan period, but also that it can significantly increase

at OR 110m, five times the amount spent on developing this sector in the first five year Plan. Of this OR 45m is for agriculture. OR 21m for fisheries but the remainder

It is not known how much more land could be brought under cultivation. One recent survey suggested that depend ing on water supplies the acro age could be doubled to 80,000 hectares. This would not be sufficient with present the country self-sufficient in food. But there are great hopes for increasing product-

# Urgent need to raise level of skills

# Agriculture

TRADITIONAL agriculture in Oman was very slow in changoman was very slow in chang-ing. The farmers and the rural communities of which they formed a part had an inherited understanding of the valua and fragility of local resources and a long-term and naturally con-servationist attitude to their usage. One sees this, for exa-ample, in the prohibitions against felling wild trees or in the communal maintenance of the falaies and, in the Dhofar mountains, in the annual cycla and the tribal distribution of cattle grazing rights. Conserva-tion was an integral part of land/water development and

Similarly, conflict between the aims of modern agricultural development and the aims of conservetion should not exist; de-velopment is only achieved when it is sustainable in the longer term and for the common good; conservation is con-trolled development (not lack of change), and should also sustain resources in the longer term-for the common good. Yet con-flict does exist and may be viewed primarily as one of time-scale; developers are often constrained by financial or policy circumstances to seek rapid visible change, while conserva-tors have their minds on the well-being of future generations and the resources for their.

usage.

But apart from the question of time-scale, attitudes to resource usage are markedly affected by the degree of dependence on them. When livalihood—and life itself—depended on the falaj running or the range-land being maintained in good heart, then fear of disaster due to abuse of the system concentrated people's minds on maintaining it in good order.

Water resource surveys in differ and water melons. Yet to squeeze the smaller farmers gueeze the smaller farmers problems and it should be possible to channel the energy of at least some of them into other parties, will clearly take, a production, systems—for longer period, not least hecause example livestock or tree crops, the irregular periodicity of But the level of skill must be developed rapidly otherwise of water resources a long-term traction in order to conserve programme. The work continues water, as in the neighbouring—in 1984, for example, a new UAE. This is a policy which

although relative to Oman's series of water/soil surveys will agricultural time-scale it is a be conducted in northern Oman. agricultural time-scale it is a very transient phenomenon. Not only has oil changed radically the apparent value of almost every aspect of Omani life, economic and social; the changes are constantly, rapidly and unpredictably altering, making it impossible to settle into a page long-term understanding. new long-term understanding cultural industry inself. Will it of the correct balance hetween conservation and development.

Oil has also, alheit temporarily, largely removed that de-gree of dependence on rural resources which, as noted above, bas always focussed men's minds on the need to "conserve" them. Only a small pro-portion of rural wealth is be-ing generated from within the villages today and therefore the villages, as economic entities, are in danger of becoming irre-levant. There is far less local concern that the over-exploitation of resources to supply short-term needs might have very barmful long-term conse-

One might imagine, however, given the oil scenario, that a natural conservation would be taking place born of a decline in farming. That this is not the in farming. That this is not the case is partly because oil wealth bas permitted all classes of farmer, from large to small, to indulge in non profit-making "bobby" farming and partly because it bas brought in new technology, notably the tractor and tha medium lift pump, which bas taken away the "sweated" labour aspect of Omani farming but of whose long-term consequences nobody is sure—least of all the small farmers who use it.

The government of Oman is

The government of Oman is acutely aware of the development/conservation conflict. It is typical that the country should have bosted, in September 1988, an IUCN-backed international conference to examine these questions as they relate to Dbofar and its unique mountain grasslands, which are annually regenerated by relatively dependable monsoonal drizale tasting from June to September The stability of the indigenous cattle pastoralist culture is dependent on the monsoon but has been profoundly affected by the Jebel war (which ended in 1975) and its aftermath.

In recent years the govern-In recent years the government, naturally anxious to rehabilitate the area, and with the by-products of the Oman flour mill newly available, has provided subsidised pelleted foodstuffs to the cattle owners.

This assistance has helped overcome the problem of food season (a problem exaceroated possible for the Government to by the increasing price and "conserve" the many thousands scarcity of local sardines) but of small farmers and he so effective has the assistance "develop" their skills to the been that cows are now calving point where they are maximissuccessfully each year, in coning production per unit of land and water, production geared number of cattle has risen from under 10,000 in 1975 to over to the consumer food demand of the 1990s in some respects 70,000 (or more) today, all living on only 70,000 hectares. very different from that of oil Oman. unique and fragile range-

task for the Ministry of Agri-culture—far harder than the developmental work facing any other Ministry in Oman. It also involves very sensitive issues. What is to be done? On the one hand the pastoralists, men who know the names and values of evary species of plant on the Jebel, are well aware of the Jebel, are well aware of the dangers. But because they are not as dependent on these resources as they were (large sums of money unconnected with local production are flowing into the Jebel, and imported goods are replacing in the homes goods of locas manufacture) thay bave allowed the present situation to develop in the hope of obtaining very high prices for their cattle. It is to be hoped that a new marketing agreement (OR 1.5/kg liveweight) will at least remove the excess cattle from tha Jebel and ensure the survival of the rangeland. What, for example, does one do with the Batina date gardens volumes of water and occupy 70-80 per cent of the cropped land yet produce low yields of poor quality in ever-decreasing

Not only are the farmers palms; there are very few other remunerative crop systems that he within their present level of competence and they have no knowledge of crop systems which require the sophisticated irrigation/land use techniques demanded by the need to con-

rangeland.

Elsewhere in Oman water is perhaps the principal resource under threat. One of the problems is that the first soil/water. serve water.
Should Oman therefore squeeze its small producers and concentrate on the needs of the small but growing number of surveys were only instinted a decade ago. Mercover, only much more recently has the Public Authority for Water Resources been in a position to muce more recently has the have more capital, can import. Public Authority for Water skilled management and are expand its own research role and its co-ordinating role for bulk of Oman's demand for the various groups conducting eggs, poulty, milk regetables water resource surveys in differ and water melons. Yet to eat regions of Oman.

But to make confident state would impose obvious social ments about regional water problems and it should be recently for the warder media.

-in 1984, for example, a new UAE. This is a policy which nfight appeal to the growing urban market because it would

Roderic Dutton

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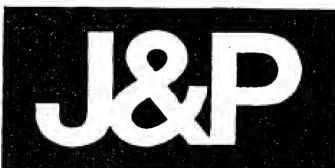
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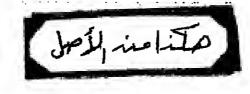


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the country selfa food. But there hopes for increase trity. ills

consider for the Government of Small farmers of Small farmers of Small farmers of Small farmers of their state of the small farmers of the small farmers of the consumer fool to the consumer fool to the 1990s—in Small very different from that, oil Oman. This is a daming to task for the Ministry culture—far harde to developmental work for the culture of the Ministry of the culture of the cultu other Ministry in Onn in olves very sensite.
While for example and with the Baims the

which in total, come volumes of water me 79.50 per cent of the land yet produce land, poor quality in conduction Nor only are the py schologically wedley polime: there are tents. remunerative crop species within their presses competence and the 3: knowledge of con : which require the mic

demanded by the self Should Oman to squeere its small prote concentrate on the task! small but growing me larger farm unus! he have more expital or: skilled management z They could also pan bulk of Oman's data edde poulty mike tible to charact the preduction systems enumple livestore we But the level of ship

de cloped repide é. tre etten in order be This is a part intraint appeal to the urban market betætt mean continuing fin Si chicap food imporsing create, in a moder E citata si rue rural ins und conservation and the same thing. Rodenc K.



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Careful watch on pace of development

Tourism

reigned coastline, long white sands beaches and an ancient heritage complete with form and castles make Omen one of

tourism.

Omain immoligration formalities are strict and visitors require a sponsor resident in Coman who will accept the because it is sponsor resident in Coman who will accept the because it is sponsor resident in Coman who will accept the because it is official government point of information about Oman. Along the corniche from Marstructure of hosels, testinguares and transport for large mambers of tourists. Of equal importance, however, is the feeling that the monusion of includes a 100-seat seafood routed society that coeff 1970 was morable.

Tourism, it is agreed should be inhoulded gradually with the monusion of the modern of inhoulded gradually with the monusion. In the modern of the m

specific routes. In time with this pelicy the first tour operator, sevenissing of London, brought in two groups of 14. "critimes visitors," led by the wife of a former. Buildin Ambassador to Oman, for one days in February and November 1983, and early this year. The tours were expensive—62,500 per person—largely because of the pery high cost of surfaces and

A feasibility survey on tentions was carried but some ty Canada. Policies by Canada. Policies by a detailed two-year stand cox. The study looked at the possibility of both international local tentions to the beach at Al-Bustan a local tention in manifer of potential sourism zones, each one incompranting a pouning centre with 50-room hotel, Kahir.

swimming pool, four-wheel drive vehicle hire facilities and in some areas mountain lodges and pontes for trekking.

The capital area clone has many points of interest to visit. Muscut harbour is the most picturesque and deepest manual harbour in Arabia, guarded on either side by the Portuguese forts liftrant and Jelali, once Muscut's prison. Between the Muscat's prison. Between the two stands the magnificent new Palace and the British Embassy. Within the old cown a number of fine houses of traditional Omani architecture still survive.

The capital area already has four insernational hotels—the government-owned Muscai Intercontinental, which received the Gulf Travel Trade Hotel of the Year Award for 1983 and has 308 rooms; the Gulf, which is smaller with 100 rooms but with rever most facilities; the Durch ways most facilities; the Durch smaller with 100 rooms but with very good facilities; the Ruwi in the heart of the business district with 100 rooms and a 100-room extension about to come under construction and the At Falaj with 150 rooms which has recently added a sports club extension to include a glass-walled equash court, artificial grass tennis court and a gymnesium. There are also smaller hotels, the Ruttreh with



Aiready a weekend attraction the Wadi Jizzi to Sohar, once for visitors from Muscat is a thriving sea port some 210 km Nizwa, once the ancient capital west of Muscat, of the interior, with its 17th contury fort, fascinating soud known ag the Shazkiya, are the and restful date palm plantations. The Muscan Nizwa on the sacet Alama the tions. The 20-room Nizwa Motel, makes a useful base from which to explore sur-rounding picturesque villages.

Palace

South of Bhala lies the village of Jabrin, where there is a superb 17th contury fortified paiace which has been painstakingly restored and contains beautiful painted sandlewood ceilings. Snuggled into the hill-side is Al-Hamra, with Itacharming covered souq where great pois of halwa, a local sweetment, are stirred over open fires.

An easy drive north west of An easy drive north west of

An easy drive north west of Muscat, under the northern flank of the Hajar Mountains, lies Rustaq, gateway to the valleys of the Jebel Akhdar, which has a large but crumbling fort and sulphur hotsprings. En route one passes the massive early 18th century fort of Al-Hasm. Most major forts in Hasm. Most major forts in Omen can be visited with a pass obtained from the Ministry of Heritage and Culture.

The opening of the Sohar Motel, another private sector wenture due for completion in 18 menths' time, will facilitate a weekend circuit through Nizwa, Ibri, Bursimi and along

known as the Sharkiya, are the bistoric towns of Ibra and Sur, on the coast. Along the road to Sur at Al-Mudairib, the Department of Tourism, part of the Ministry of Commerce and Industry, is building a 10-room resthouse including a 50-seat restaurant for focal tourism. A further three methouses with are being built along the 800 km highway from Muscat to Salalah at Ghaba, Al-Ghafrain and Wadi Qitbit and will open

and want (more and wist open in the spring.

The southern region Dhofar also has tourist potential particularly in this September/early October when the summer monsoon rains leave the mountains unbelievably green and lush, a startling contrast to the rest of Arabia. Long white sandy beaches fringed with

Omen is without doubt a magnificent and faccinating country to visit and as long as the current tourism policy remains, those that are lucky enough to enter Omen ha unusual privilege of benefiting totally unspoilt country.

Jennifer Robb

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# Migrants continue to meet shortage

Lahour

particularly for the growing needs of the "prodern" sector economy. This everdemand, however, exists side by side with rural under-em-

Rural under employment is there was a new labour migra (and producing more children). partly endemnic but also partly then from the rural areas—but. But in the short term (the this result of the relative and the within Oman. 1981-85 Plan period) the growth the rural dealing in the internet. It was estimated by Birks and of the Omani workforce will be generated by a whole range of traditional rural productive industry not only agriculture —as a side-effect of oil wealth. For decades men from the rural areas have migrated for work to what were the newly cil-tch Gulf states, starting in Bah-rain but now mostly in the United Arab Emirates and Sandi Arabia. When Oman itself started to export oil in 1967 brading to urban develop.

ployment Paradoxically, a significant part of the rural labour itself started to export oil in face is exported to the Guif 1867, leading to urban development a large and growing ment and the rapid expansion in the Indian sub-continent, and other service sector jobs,



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Sinclair that 38,000 men were

employed outside Oman in 1975, representing 28 per cent of the domestic labour force. Since then the number may have declined; a World Bank report estimated only 20,000 teport estimated only 20,000 in 1980. Their departure has been associated with a decline in rural productive activity such as camel and goat herding, falag maintenance, the cultivation of wheat and rural crafts but their migration from their villages may be as much consequence as cause of that sequence as cause of that

Official statistics indicate a rise in migrant remittances, from OR 10m to OR 15m between 1978 and 1982. But it between 1978 and 1982. But it is likely that the true sums being passed back to the villages are far greater; from internal migrants, from each in the pockets of migrants returning at weekends (the UAE dirham is an acceptable currency in the sough of northern Oman) and as goods purchased in the AUE and brought home.

Certainly very large (in total) sums of momey have been invested in rural Oman over the past decade, not only in conpest decade, not only in con-sumer durables and improved housing but also in shops, work-shops and small businesses and snops am small businesses and in the primary industries of agriculture and fisheries. This investment has generated some new jobs to which must be added government service jobs in the growing number of town councils, police stations, health and seed a service for the services of the se and social services and educa-tion.

Remote

But while most of the government jobs have gone to Omanis (except for teachers) most of the others have gone to Indians and Pakistanis who construct the new buildings, staff the shops, workshops and restau-rants and are also to be found, in even the remotest villages, on the land. They occupy these positions partly because they have the necessary skills but also because they are cheap; they will work in rougher con-ditions for less money than an unskilled Omani need accept because he can still find a less taxing and more remunerative job by migrating from the village.

No census has been taken of the population, most of whom live in the rural areas. Various estimates have been made. One by the World Bank in 1980 gave 760,000 (equivalent to about 830,000 today assuming a 3 per cent annual growth rate), of whom 160,000 were in the domestic labour force: 36,000 in the private modernm sector, 25,000 in the public sector and the remainder rural and mainly traditional. Just under half the total population is under 15 years of age, so in the next 10-15 years many people will be entering the labour market

slow because of a lower rate of returned Omani migrants and because education is bolding the numbers back. But the 1981-85 Plan programmes imply 1981-85 Flan programmes imply, according to World Bank estimates, a labour requirement up from 304,000 to 435,000, assuming an average 11 per cent growth rate for the non-oil economy. Included here is the need for 10,000 university graduates.

Skilled

By 1985 there will therefore be a shortfall of over 8,000 technically qualified people and only 19 per cent of skilled manual workers are likely to be Omani. Overall the non-Omani share of the labour force will have risen from 47 per cent to 55 per cent. But in the modern sector ( i.e. excluding most agriculture) the non-Omani share will rise above 70 per cent. Even more significant. per cent. Even more signifi-cant, most of the Omani 30 per cent is clustered in public administration, finance, services and trade, leaving the Omani share in manufacturing and construction at only 9 per cent. Yet this is the sector officially encouraged to provide diversification! Who will fill the labour gap?

who will fill the tabout gapt First and foremost, migrants. One branch of government, the Ministry of Education and Youth Affairs, with nearly 12,000 employees, had only 33 per cent Oman participation; almost all teachers are ex-

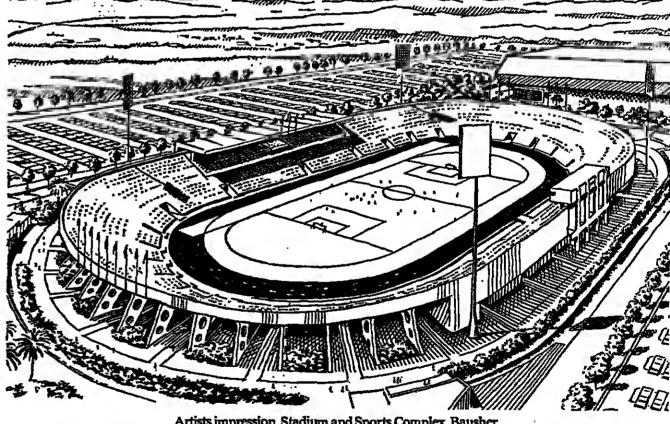
patriates.

In the private sector (mostly modern) the number of migrant works is well on course for an estimated 238,000 by 1985. Between 1972 and 1975 the numbers grew from 14,000 to 71,000 and by 1982 there were 187,000 labour cards issued for private sector employees. In 1982 94
per cent of these were from the
Indian sub-continent. Significantly, about 80 per cent of the
total earned less than OF 90 a month — a wage for which it Omani man (skilled or unskilled) would be prepared to

Assuming the total of nonnationals employed does rise to 238,000 by 1985, including dependants, this will mean a minimum of 285,000 inhabitants, or 20 per cent of the total population. By 1995 the World Bank has projected 440,000 non-national employees — indicat-ing a very long-term migrant labour requirement.

But the cost is high. Without considering possible political or social costs, remittances leaving Oman jumped between 1978 and 1982 from RO Sim to RO 251m, equal to 25 per cent by value of all imports. Herein by value of all imports. Herein lies the country's development dilemma. Can it afford this out-lay—yet can it afford not to afford it?

Roderic Dutton



Artists impression, Stadium and Sports Complex, Bausher.

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# All eyes on the Straits of Hormuz

Defence

AS THE perceived threat to Oman has changed so have its defence priorities. The "sharp end" or front line in Oman's thinking now is the Masandum peninsula, and particularly Goat Island. This is an outcrop of barren rock at the northern tip of the peninsula in the Straits of Hormuz.

Here, a Nevy detachment led by a British commander keeps

by a British commander keeps e 24-hour watch, not only on the shipping traffic through the Straits—at the widest point, depending on which islands you depending on which islands you include, Oman is just 20 miles from Iran—but also on which shinping, both commercial and military, is going into Bandar Ahbas, thought to be Iran's only properly functioning port.

The radar on Goat Island is linked to an unmanned radar station on Oois Island which is

station on Qoins Island which is closer to the middle of the Straits. Should Ayatollah Khomeini try to make good his threat to close the Straits, the radar would immediately pick and any untoward activity. np any untoward activity.

A nicture of the Straits and A nicture of the Straits and the shipping lanes comes up on the screen. A lieutenant moves a circle over the dots, and immediately is given a readcut on a computer of where the vessel is, how fast it is moving and in which direction.

The direction is important. Since 1979 Oman has policed the Straits under a traffic A total of about \$50 ships a day passed through and more than half of these and more than half of these would be oil tankers. It is now though that between 20 and an Oman subject. In the past year Goat Island would be oil tankers. It is now though that between 20 and a computer of where the vessel is, how fast it is moving and in which direction.

The direction is important. Since 1979 Oman has policed the Straits under a traffic.

A total of about \$50 ships to ships a day passed through these and more than half of these would be oil tankers. It is now though that between 20 and a computer of the Western astraft have swooped low over world's oil supplies come through the Straits.

Three of the Bravo vessels are on pairoi in the Straits at any given time, forming the cut-barracks being built the total probably will be between 100

separation scheme. East to west traffic moves in the lane nearest Oman, west to east in the lane nearest Iran. Both lanes are in the 12 miles of territorial water claimed by

The radar does not tell exactly what the ships are; identification of the vessels is the job of the Oman Navy. At the noment, the navy consists of a province class ship, called the Dhofar. This has e speed of 35 knots and can carry a cargo of six MM 40 Exocet mis-siles, with a range of 40 miles. Two more Province class ships are on order, and there could be more to come.

There are also six Bravo class

patrol hoats. These are los metres long, have 76 mm anti-aircraft cannon and four of them carry 38 mm Exocets. They have the advantage of heavy oble to make a second and the second are second as a second and the second are second as a being eble to move in and out of the many enlets around the Masandum peninsula. Only one of the Bravos is still being commanded by a British tieutenant-commander, the rest have been



Tank squadrons on parade on National Day.

THE GROWTH OF EDUCATION

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commander, the rest have been handed over to Omanis in line with the Sultan's wish to Straits last December and 760 There are something over 2,300 Omanise the armed forces.

On only one occasion has an Iranian boat strayed into Omani waters and that was a navigation of the oil tankers. It is now eventually however, he will be a commander in a comman

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by artillery units which have an emergency the rapid deployarms that include 105mm and 130mm guns some of them Chinese. There are also armoured units which include

Today the Army has a stand-ing force of 16,000 including

and 200. They could well be soldiers of the Sultan's special forces, modelled on Britain's Chieffains are replacing the contemplating.

Behind this "sharp end " deployment is a very good small army octainly acknowledged by its neighbours as the best small army in the region.

The Sultan's armed forces are best known for having won the guerrills war in the southern province of Dhofar (1965-75).

The Army largely had British officers at the time and con-

forces. As weaponry and equip-ment become more commer. British advisers continue to be needed. However, Oman how has more than 30 Cmani jet officers et the time, and con-cluded one of the most success-ful counter insurgency cam-paigus since the Second World-War against raids from neigh-bouring South Vemen.

Intrusive ing force of 16,000 including eight infantry battalions. There The Oman armed forces have is a southern brigade and a taken part in a number of northern brigade. At any time exercises with offier states three battalions (850 to 1,000 from the stx-country Guiffmen) are on rotation in the Co-operation. Council and

three battalions (850 to 1,000 from the six-country Gulf men) are on rotation in the south Once the scene of Intense military ectivity, the beautiful themselves well.

Tebel Cara mountains are notable for their wildlife and flora by itself could not stop from there are still some 5,000 trying to close the Striffs of flora, mountain irregulars on Hormuz but inverting over the Sultan's payred.

There are also still about 500 repid deployment force. Sultan armed forces are slowly being U.S. bases in Oman leading Omanised. All the battalions but one have Omani lieutenant-too intrusive. armed forces are slowly being Omanised. All the battalions but one have Omani lieutenant-colonels in charge. The Sultan.

colonels in charge. The Sultan. It is an open secret however, who himself was at Sandhurst that the U.S. has been builty in the forces of the samed forces to Masical Island sirbare but Later this year the British com- also to other air bases. At mander of the Army, a Khasozh, in the Masical mandem mander of the Army a Karsom, in one permutation seconded instor general is due permutation for exemple, finere is to be replaced by Maj Gen now a tarmet springer cis.

The Army primarily an large transport aircraft infantry force in the insurgency. Ot is, all under wraps but it days, has now been buttiessed is shought that in the event of is shought that in the event of the country of the coun

ment force could operate in sufficient numbers within 48 hours.

Stewart Dalby

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# Impressive build-up of resources

Teachers

# Education and health

EDUCATION AND health were the two most pressing basic 80 per cent of all the children tasks to which Sultan Qeboos who want it. had to tackle when he took power from Sultan Said his father in 1970.

The statistics for schools and The statistics for schools and hospitals have almost entered Omani mythology. That there were only three primary schools and one proper hospital with 12 beds in Muscat in 1970 are facts which every visitor quickly becomes acquisinted. The primary schools were for boys only and apart from quaranic schools were the only forms of schooling available.

Only those with families rich

Only those with families rich nough to afford it were able to ohtain an education abroad.

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both sexes and nearly 7,000 The second five-year plan

(1981-85) seeks to provide at least a primary education free for every Omani child by the end of 1985. To achieve this another 140 schools will be built. At the moment it is estimated that primary educa-tion et least is reaching around

As for girls, who before 1970 received no formal edocation at all, it is estimated that they make up one third of total enrolment. The aim during the second plan period is to give equal opportunities for girls.

The two major problems in the early days of the programme was the need to opt schooling started quickly. This resulted in classes being conducted in tents and in buts, with with large classes and few amenities. During the second plan

period spending on education is budgeted at ORS4m (£168m). This includes new quarters for teachers and con-Today there are 431 primary, quarters for teachers and con-preparatory and secondary struction of administrative schools with 138,170 pupils of buildings. Of the total OR46m

12.0 20.3 23.3 has been earmarked for the building and equipping of new

909

schools and institutes. It is estimated that 94 schools need to be rehoused and this task should be carried out by 1985.

The other main problem the country faced was that it was difficult to attract teachers to parts of the interior and it thus took time to spread education throughout the country. Because Oman started from scratch, it is hardly surprising that even today, more than 70 per cent of teachers

Egyptians. With the building of an extensive road system and improved communications generally, getting teachers to go to isolated spots has become less of a problem.

Apart from building schools to ensure an education for the young, the Government holds literacy classes which are ettended by more than 6,000 men and women. A further 5,000 study at adult education

For those who are unable to attend these centres there is a free study at home programme. The Government estimates that the literacy campaign is broad enough to cover all those who want to take advantage of it including farmers in the in-

# Learning English

Omani schools teach English as a second language from pri-mary standard four. By the time pupils graduate from secondary three they have had uine years of learning English. This is important because Omani students who are capable of benefiting from further education go overseas, particularly to Britain and the U.S.

The country has a number of specialised technical schools and the present Institute of Agriculture at Niewa is being upgraded to a full college by 1986. The crowning achievement of Oman's education system, however, is to be the Sultan Qaboos. University. This highly amhitious and very costly scheme is due to receive its first students

It has been argued that university could become the country's first real while elephant. Does e country with probably

Does e country with probably less than Im people need a university of its own?

The cost of Sultan Qaboos University has been put et almost £300m. That, at least is the cost of the contract won, in something of a coup by Britain's Cementation group, part of the Trafalgar House Group. Britain's Export Credit Guarantee Department covers the repayment of some of the costs.

The first students are due to

of some of the costs.

The first students are due to arrive in 1986. The form Muscat and allows for further expansion. The majority of students well live on the campus and 510 houses are being built for what will imitally be a largely expatriate tenching staff.

To criticisms that the univer-sity is a folly and an extravagance the country can do withanswers.
The Sultan is envious that

20.8

the students receive an educa-tion which is in keeping with their traditions and their culture. He wants to avoid the which can result in sending students abroad.

Second, the university is to teach only subjects which will be useful to Oman. Medi-ciae will be a major faculty. An addition to the initial plans is for a 500-bed teaching hospital. Agriculture and will be stressed as well, and there are plans for small experimental farms and a larger 200-acre farm nearby.

# Strong force

The other three faculties will be engineering education and Islamic studies. The annual in-take of students will be headed by education and Islamic studies with 250, followed by engineering (100), agriculture and science (80 each) and

Sheikh Amer Ali Amir, the old educationalist who once ran Zanzibar's education system, is a strong force behind the uni-versity. He has admitted that there are wouries about standards. He, along with the Sultan is anxious that standards are in line with western universities. To this end, the Sheikh has been in touch with Oxford University and has been receiving advice.

The aim is to establish e university of quality with international recognition.

Oman's achievements health are no less impressive than those in education.

While there was only the one hospital with 12 beds in Muscat and nine health centres and 10 dispensaries, today the Ministry of Health operates 14 hospitals and 13 health centres with a total of 2,000 beds. This gives e ratio of one bed to every 750 of the population (the Ministry works on the basis of a population of 1.5m). This compares favourably with the figure in most western countries, the Ministry of Health claims.

In addition the Ministry operates 62 dispensaries, six small health centres and four maternity clinics. Some 20 mobile medical teams serve people living in remote areas.
The Ministry also maintains 15 public health courses and 46 public health units.

The Ministry has chalked up some conspicuous successes in preventive fields. Malaria control measures are being applied progressively to cover the entire country by the end of

Int the case of trachoms, the eye disease which can cause blindness and which has been called the scourge of the Middle East, there has been great pro-gress. From an incidence of 80 per cent in 1976, the World Health Organisation recently estimated that it was down to 7 per cent in the interior and had been eradicated from small children completely

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